

SECTION 1635

1 ***-2023/1.3* SECTION 1635.** 70.64 (1) of the statutes is renumbered 70.64 (1) (b)
2 and amended to read:

3 70.64 (1) (b) The assessment and determination of the relative value of taxable
4 general property in any county or taxation district, made by the department of
5 ~~revenue~~ under s. 70.57, may be reviewed, and a redetermination of the value of such
6 property may be made by the ~~tax appeals commission~~ department, upon appeal by
7 the county or taxation district. The filing of ~~such an~~ appeal in the manner provided
8 in this section by any county or taxation district shall impose upon the ~~commission~~
9 department the duty, under the powers conferred upon it by s. ~~73.01 (4) (a)~~ 73.03, to
10 review the assessment complained of. If, in its judgment based upon the testimony,
11 evidence and record made on the ~~preliminary hearing of such~~ appeal, the ~~commission~~
12 department finds ~~such an~~ assessment to be unequal and discriminatory, it shall
13 determine to correct ~~such the~~ assessment to bring it into substantial compliance with
14 law. ~~Except as provided in this section, the appeal shall be taken and such review~~
15 ~~and redetermination shall be made as provided in ss. 73.01 and 73.015 and under the~~
16 ~~rules governing the procedure of the commission.~~

17 ***-2023/1.4* SECTION 1636.** 70.64 (1) (a) of the statutes is created to read:

18 70.64 (1) (a) In this section, "department" means the department of revenue.

19 ***-2023/1.5* SECTION 1637.** 70.64 (2) of the statutes is amended to read:

20 70.64 (2) AUTHORIZATION OF APPEALS. To authorize ~~such an~~ appeal ~~to the~~
21 department, an order or resolution directing the same to be taken shall be adopted
22 by the governing body of the county or taxation district taking the appeal at a lawful
23 meeting of the governing body. ~~When~~ After an appeal shall have been is authorized
24 ~~the prosecution of it shall be in charge of~~ by the governing body of a county or taxation
25 district, the chairperson of the county board or the county administrator, or of the

1 chairperson, mayor or president of the taxation district taking the appeal shall
2 prosecute the appeal unless otherwise directed by the governing body of the county
3 or taxation district taking the appeal. The officers or committee in charge of the
4 appeal may employ attorneys to conduct the appeal. After authorizing an appeal as
5 provided in this subsection, any 2 or more taxation districts in the same county or
6 any 2 or more school districts located in whole or in part in the same county may join
7 in taking and prosecuting an appeal.

8 ***-2023/1.6* SECTION 1638.** 70.64 (3) (intro.) of the statutes is amended to read:

9 70.64 (3) FORM OF APPEAL. (intro.) To accomplish an appeal there shall be filed
10 with the ~~tax appeals commission~~ department on or before October 15 an appeal in
11 writing setting forth:

12 ***-2023/1.7* SECTION 1639.** 70.64 (3) (a) of the statutes is amended to read:

13 70.64 (3) (a) That the county or taxation district, naming the same, appeals to
14 the ~~tax appeals commission~~ department from the assessment made by the
15 department of revenue under s. 70.57, specifying the date of such assessment.

16 ***-2023/1.8* SECTION 1640.** 70.64 (4) of the statutes is amended to read:

17 70.64 (4) CERTIFIED COPIES. Upon the filing of ~~such an~~ an appeal, the clerk of the
18 county or taxation district, without delay, shall prepare certified copies of it the
19 appeal, together with certified copies of the value established by the department of
20 revenue from which the appeal is taken and a complete list showing the clerk of each
21 taxation district within the county and the post-office address of each. The clerk
22 shall mail by certified mail 4 sets of certified copies ~~to the tax appeals commission~~
23 ~~and one set of the copies to the department of revenue, and one set each to the county~~
24 clerk and the clerk of each taxation district within the county.

25 ***-2023/1.9* SECTION 1641.** 70.64 (5) of the statutes is amended to read:

1 70.64 (5) APPEARANCE. ~~Not later than~~ Within 30 days after the clerk of the
2 county or taxation district has mailed the certified copies under sub. (4), unless the
3 time is extended by order of the ~~tax appeals commission~~ department, any county,
4 ~~town, city or village may cause an appearance to be entered in its behalf before the~~
5 ~~commission in support of~~ or municipality may file a verified petition with the
6 department under sub. (3) and have the department enter an appearance on its
7 behalf supporting the appeal and uniting with the appellant for the relief demanded;
8 ~~and by verified petition or statement showing grounds therefor.~~ Any county or
9 municipality may apply for other or further review and redetermination than that
10 demand in the appeal by filing a verified petition with the department under sub.
11 (3) that specifies the grounds for other or further review and redetermination.
12 ~~Within the same time the 30 days from the date on which the clerk of a county or~~
13 ~~taxation district mailed certified copies under sub. (4), a county, town, city or village~~
14 ~~in the county may in the same manner have its appearance entered in opposition to~~
15 ~~or municipality may file a verified petition with the department under sub. (3) and~~
16 ~~have the department enter an appearance in its behalf opposing the appeal and to~~
17 ~~the relief demanded. Such~~ Petitions and appearances under this subsection shall be
18 ~~authorized in the manner for authorizing an appeal as provided under sub. (2). When~~
19 ~~so authorized the interests of the county, town, city or village authorizing it shall be~~
20 ~~in the charge of~~ After a petition or appearance is authorized under sub. (2), the
21 chairperson, administrator, mayor or president thereof of the county or municipality
22 that made the authorization under sub. (2) shall protect the county's or
23 municipality's interests in the appeal and may employ an attorney to protect the
24 county's or municipality's interests unless otherwise directed by the governing body
25 authorizing such a petition or appearance; and attorneys may be employed in that

1 ~~behalf. In such appearances any~~ under sub. (2). Any 2 or more of the towns, cities
2 ~~and villages~~ municipalities of the ~~a~~ county may join in a petition or appearance if
3 ~~united in support of or in opposition to the~~ supporting or opposing an appeal. Four
4 copies of each appearance, ~~or petition or statement mentioned in~~ under this
5 subsection shall be filed ~~in the offices of the tax appeals commission and a copy of~~
6 ~~each mailed by certified mail to~~ with the department of revenue, ~~, and a copy of each~~
7 ~~appearance or petition shall be sent by certified mail to~~ the county clerk, and to the
8 clerk of each town, city and village municipality within the county, and a copy to the
9 attorney authorized to appear on behalf of the county or ~~any town, city or village on~~
10 behalf of any municipality within the county.

11 ***-2023/1.10* SECTION 1642.** 70.64 (6) of the statutes is amended to read:

12 70.64 (6) HEARING. As soon as practicable, the ~~commission~~ department shall
13 set a time and place for ~~preliminary the~~ hearing of such an appeal. At least 10 days
14 before the time set for ~~such a~~ hearing, the ~~commission~~ department shall ~~cause~~ send
15 ~~notice thereof to be mailed of the hearing~~ by certified mail to the county clerk and to
16 the attorney or the clerk of each town, city and village municipality in whose behalf
17 an appearance has been entered in the ~~matter of such~~ appeal, and to the clerk of each
18 interested town, city or village ~~which that~~ that has not appeared, and ~~mail a like notice~~
19 to the clerk of the taxation district taking ~~such the~~ the appeal ~~and to the department of~~
20 ~~revenue. The department of revenue shall be prepared to present to the commission~~
21 ~~at such time during the course of the hearings as the commission requires, the full~~
22 ~~value of all property subject to general property taxation in each town, village and~~
23 ~~city of the county, as determined by the department according to s. 70.57 (1) or in the~~
24 ~~case of a complaint by a taxation district under a county assessor such information~~
25 ~~as the department has in its possession. Said.~~ The department may adjourn and

1 ~~reschedule the hearing may be adjourned, in the discretion of the tax appeals~~
2 ~~commission of an appeal, as often and to such times and places as may be necessary~~
3 ~~in order to determine the facts. If satisfied that no substantial injustice has been~~
4 ~~done in the appealed taxation district assessment appealed from, the commission~~
5 ~~department in its discretion may dismiss such the appeal. If satisfied that~~
6 ~~substantial injustice has been done in the appealed taxation district assessment, the~~
7 ~~commission department shall determine to revalue any or all of the taxation districts~~
8 ~~in the county, which it deems as necessary, in a manner which in its judgment is best~~
9 ~~calculated to secure substantial justice.~~

10 ***-2023/1.11* SECTION 1643.** 70.64 (7) of the statutes is amended to read:

11 70.64 (7) REDETERMINATION. ~~The commission~~ After a hearing under sub. (6), the
12 department shall then ~~proceed to~~ redetermine the value of the taxable general
13 property in ~~such any~~ of the taxation districts in the county as it ~~deems~~ necessary. ~~It~~
14 ~~may include in such redetermination other taxation districts than first determined~~
15 ~~upon and may include all of the taxation districts in said county, if at any time during~~
16 ~~the progress of its investigations or revaluations it is satisfied that such course is~~
17 ~~necessary in order to accomplish substantial justice and to secure the relative~~
18 ~~equality as between of the value of the taxable general property in all of the taxation~~
19 ~~districts in such the county. It~~ The department shall ~~make careful investigation of~~
20 redetermine the value of the taxable general property in ~~the several a~~ taxation
21 ~~districts to which such review and redetermination shall extend, in any manner~~
22 ~~which in its judgment is best calculated district to obtain the fair, full value of such~~
23 the property. The commission department may employ such and fix the
24 compensation of experts and other assistants as may be that are necessary, and fix
25 their compensation for a redetermination of the value of taxable general property

1 under this subsection. In making such investigations redetermining the value of
2 taxable general property under this subsection, the commission department and all
3 persons employed therein by the commission department shall have all the authority
4 possessed by of assessors so far as applicable, including the authority to administer
5 oaths and to examine property owners and witnesses under oath as to the quantity
6 and value of the property subject to assessment belonging to any person or within
7 any taxation district to which the investigation shall extend redetermination under
8 this subsection.

9 ***-2023/1.12* SECTION 1644.** 70.64 (8) of the statutes is repealed.

10 ***-2023/1.13* SECTION 1645.** 70.64 (9) of the statutes is amended to read:

11 70.64 (9) TESTIMONY. The ~~tax appeals commission~~ department may take
12 testimony under subs. (6) and (7). Witnesses summoned ~~at the instance of said~~
13 ~~commission by the department~~ shall be compensated at the rates provided by law for
14 witnesses in courts of record, the same to be audited and paid the same as other
15 claims against the state, upon the certificate of ~~said commission.~~ ~~If any property~~
16 ~~owner or other the department. Any person makes any false statement who testifies~~
17 ~~falsely to said commission the department or to any person employed by it upon the~~
18 ~~department about any matter under investigation that person under this section~~
19 shall be subject to all the forfeitures and penalties imposed ~~by law for false~~
20 ~~statements to assessors and boards of review under s. 70.36.~~

21 ***-2023/1.14* SECTION 1646.** 70.64 (10) of the statutes is amended to read:

22 70.64 (10) DETERMINATION. The ~~tax appeals commission~~ department shall
23 make ~~its a~~ a determination upon such an appeal without unreasonable delay and shall
24 file a copy ~~thereof of its determination~~ in the office of the county clerk and mail by
25 certified mail a ~~like copy to the department of revenue and of its determination~~ to the

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1 clerk and attorney of the taxation district appealing, and a copy to the clerk and
2 attorney of each taxation district ~~having that~~ appeared at the hearing of the appeal.
3 In ~~such its~~ determination the ~~commission~~ department shall set forth the relative
4 value of the taxable general property in each ~~town, city and village~~ municipality of
5 ~~such the~~ county as found by them, and ~~what the~~ sum, if any, ~~that~~ shall be added to
6 or deducted from the aggregate value of taxable property in each ~~such~~ taxation
7 district as ~~fixed in the determination of the department of revenue from which such~~
8 ~~appeal was taken in order to produce a relatively just and equitable taxation district~~
9 ~~assessment. Such determination shall be final~~ A determination by the department
10 under this section may be appealed to the tax appeals commission under s. 73.01 (5).

11 ***-2023/1.15* SECTION 1647.** 70.64 (11) of the statutes is amended to read:

12 70.64 (11) COMPUTATION. The ~~department's~~ determination of the ~~commission~~
13 ~~under sub. (10)~~ shall not affect the validity of taxes apportioned ~~in accordance with~~
14 ~~according to the~~ appealed taxation district assessment ~~from which such appeal was~~
15 ~~taken; but if it is determined. If the department determines upon such appeal that~~
16 ~~such a~~ taxation district assessment is relatively unequal, ~~such inequality shall be~~
17 ~~remedied and compensated~~ the department shall remedy the inequality in the
18 apportionment of state and county taxes in ~~such the~~ county of the taxation district
19 in the next apportionment following the department's determination of ~~said~~
20 ~~commission in the following manner: under sub. (10).~~ Each town, city and village
21 ~~whose~~ municipality where the department determined that a valuation in such a
22 ~~taxation district assessment was determined by said commission to be relatively too~~
23 ~~high shall be credited a sum equal to the amount of taxes charged to it upon such~~
24 based on the unequal assessment in excess of the amount ~~equitably chargeable~~
25 ~~thereto of taxes charged to it~~ according to the department's determination of the

1 ~~commission; and each town, city and village whose~~ under sub. (10). Each
2 municipality where the department determined that a valuation in such a taxation
3 district assessment was determined by said commission to be relatively too low shall
4 be charged, in addition to all other taxes, a sum equal to the difference between the
5 amount of taxes charged ~~thereto upon such to it based on the~~ unequal assessment
6 and the amount ~~which should have been of taxes~~ charged ~~thereto to it~~ according to
7 the department's determination of the commission under sub. (10). The department
8 of revenue shall aid the county clerk in making the proper computations.

9 ***-2023/1.16* SECTION 1648.** 70.64 (12) of the statutes is amended to read:

10 70.64 (12) EXPENSES. The ~~tax appeals commission~~ department shall transmit
11 to the county clerk of the county where an appeal under this section originated, with
12 its determination ~~on such appeal under sub. (10),~~ a statement of all expenses
13 incurred ~~therein by or at the instance of the commission, which~~ the department to
14 hear and investigate an appeal under this section. The statement shall include the
15 actual expenses of the ~~commission~~ department and of the regular employees of the
16 ~~commission~~ department, the compensation and actual expenses of all other persons
17 employed by it the department under sub. (7) and the fees of officers employed and
18 witnesses summoned ~~at its instance. A by the department.~~ The department shall
19 file a duplicate of such the statement shall be filed in the office of submitted under
20 this subsection with the department of administration. ~~Such~~ The expenses
21 contained in a statement under this subsection shall be audited upon the certificate
22 of the ~~commission~~ department of revenue, and paid out of the state treasury, in the
23 first instance, as other claims against the state are audited and paid. The amount
24 of ~~such the~~ expenses shall be a special charge against ~~such the~~ county where an
25 appeal under this section originated and shall be included in the next apportionment

1 and certification of state taxes and charges, and collected from ~~such~~ the county, as
2 other special charges are certified and collected. Unless otherwise directed by the
3 ~~commission~~ department of revenue in its determination upon ~~such~~ appeal, the
4 county clerk, in the next apportionment of state and county taxes, shall apportion the
5 amount of such special charges to ~~and among the towns, cities and villages in such~~
6 the municipalities in the county ~~whose~~ where relative valuations were increased in
7 the department of revenue's determination of the ~~commission~~ under sub. (10) in
8 proportion to the amount of ~~such~~ the increase in each of them respectively. The
9 apportionment of ~~such~~ expenses included in the statement under this subsection
10 shall be set forth in the department of revenue's determination of the ~~commission~~
11 under sub. (10). The amount ~~se~~ of expenses apportioned to each ~~such town, city and~~
12 ~~village~~ municipality shall be charged upon its tax roll and shall be collected and paid
13 over to the county treasurer as other state taxes and special charges are collected and
14 paid.

15 ***-2023/1.17* SECTION 1649.** 70.75 (6) of the statutes is created to read:

16 70.75 (6) REVIEW. Review of the reassessments of the department under this
17 section shall be by appeal to the tax appeals commission under s. 73.01 (5).

18 ***-2023/1.18* SECTION 1650.** 70.85 (4) (c) of the statutes is amended to read:

19 70.85 (4) (c) Appeal of the determination of the department of revenue shall be
20 by an ~~action for certiorari in the circuit court of the county in which the property is~~
21 ~~located~~ appeal to the tax appeals commission under s. 73.01 (5).

22 ***-1917/1.1* SECTION 1651.** 71.01 (16) of the statutes is amended to read:

23 71.01 (16) "Wisconsin taxable income" of natural persons means Wisconsin
24 adjusted gross income less the Wisconsin standard deduction, less the personal
25 exemption described under s. 71.05 (23), with losses, depreciation, recapture of

1 benefits, offsets, depletion, deductions, penalties, expenses and other negative
2 income items determined according to the manner that income is or would be
3 allocated, except that the negative income items on individual or separate returns
4 for net rents and other net returns which are marital property attributable to the
5 investment, rental, licensing or other use of nonmarital property shall be allocated
6 to the owner of the property.

7 ***-1837/4.1* SECTION 1652.** 71.04 (4) of the statutes is amended to read:

8 71.04 (4) NONRESIDENT ALLOCATION AND APPORTIONMENT FORMULA. Nonresident
9 individuals and nonresident estates and trusts engaged in business within and
10 without the state shall be taxed only on such income as is derived from business
11 transacted and property located within the state. The amount of such income
12 attributable to Wisconsin may be determined by an allocation and separate
13 accounting thereof, when the business of such nonresident individual or nonresident
14 estate or trust within the state is not an integral part of a unitary business, but the
15 department of revenue may permit an allocation and separate accounting in any case
16 in which it is satisfied that the use of such method will properly reflect the income
17 taxable by this state. In all cases in which allocation and separate accounting is not
18 permissible, the determination shall be made in the following manner: for all
19 businesses except financial organizations, public utilities, railroads, sleeping car
20 companies and car line companies there shall first be deducted from the total net
21 income of the taxpayer the part thereof (less related expenses, if any) that follows the
22 situs of the property or the residence of the recipient. The For taxable years ending
23 on or before December 31, 1999, the remaining net income shall be apportioned to
24 Wisconsin this state by use of an apportionment fraction composed of a sales factor
25 representing 50% of the fraction, a property factor representing 25% of the fraction

1 and a payroll factor representing 25% of the fraction. For taxable years beginning
2 on or after January 1, 2000, the remaining net income shall be apportioned to this
3 state by use of an apportionment fraction composed of the sales factor under sub. (7).

4 ***-1837/4.2* SECTION 1653.** 71.04 (5) (intro.) of the statutes is amended to read:

5 71.04 (5) PROPERTY FACTOR. (intro.) For purposes of sub. (4) and for taxable
6 years ending on or before December 31, 1999:

7 ***-1837/4.3* SECTION 1654.** 71.04 (6) (intro.) of the statutes is amended to read:

8 71.04 (6) PAYROLL FACTOR. (intro.) For purposes of sub. (4) and for taxable years
9 ending on or before December 31, 1999:

10 ***-1837/4.4* SECTION 1655.** 71.04 (7) (d) of the statutes is amended to read:

11 71.04 (7) (d) Sales, other than sales of tangible personal property, are in this
12 state if the income-producing activity is performed in this state. If the
13 income-producing activity is performed both in and outside this state the sales shall
14 be divided between those states having jurisdiction to tax such business in
15 proportion to the direct costs of performance incurred in each such state in rendering
16 this service. Services performed in states which do not have jurisdiction to tax the
17 business shall be deemed to have been performed in the state to which compensation
18 is allocated by sub. (6). This paragraph does not apply to taxable years beginning
19 after December 31, 1999.

20 ***-1837/4.5* SECTION 1656.** 71.04 (7) (dc) of the statutes is created to read:

21 71.04 (7) (dc) For taxable years beginning after December 31, 1999, sales,
22 rents, royalties, and other income from real property, and the receipts from the lease
23 or rental of tangible personal property, are attributed to the state in which the
24 property is located.

25 ***-1837/4.6* SECTION 1657.** 71.04 (7) (dg) of the statutes is created to read:

1 71.04 (7) (dg) For taxable years beginning after December 31, 1999, receipts
2 from the lease or rental of moving property including but not limited to motor
3 vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the
4 numerator of the sales factor under par. (a) to the extent that the property is used
5 in this state. The use of moving property in this state is determined as follows:

6 1. A motor vehicle is used in this state if it is registered in this state and used
7 wholly in this state.

8 2. The use of rolling stock in this state is determined by multiplying the receipts
9 from the lease or rental of the rolling stock by a fraction having as a numerator the
10 miles traveled within this state by the leased or rented rolling stock and having as
11 a denominator the total miles traveled by the leased or rented rolling stock.

12 3. The use of an aircraft in this state is determined by multiplying the receipts
13 from the lease or rental of the aircraft by a fraction having as a numerator the
14 number of landings of the aircraft in this state and having as a denominator the total
15 number of landings anywhere of the aircraft.

16 4. The use of a vessel, mobile equipment or other mobile property in this state
17 is determined by multiplying the receipts from the lease or rental of the property by
18 a fraction having as a numerator the number of days in the taxable year that the
19 vessel, mobile equipment or other mobile property was in this state and having as
20 a denominator the number of days in the taxable year that the vessel, mobile
21 equipment or other mobile property was rented or leased.

22 *~~1837/4.7~~ **SECTION 1658.** 71.04 (7) (dn) of the statutes is created to read:

23 71.04 (7) (dn) 1. For taxable years beginning after December 31, 1999, royalties
24 and other income received for the use of intangible property are attributed to the
25 state where the purchaser uses the intangible property. If intangible property is used

1 in more than one state, the royalties and other income received for the use of the
2 intangible property shall be apportioned to this state according to the portion of the
3 intangible property's use in this state. If the portion of intangible property's use in
4 this state cannot be determined, the royalties and other income received for the use
5 of the intangible property shall be excluded from the numerator and the denominator
6 of the sales factor under par. (a). Intangible property is used in this state if a
7 purchaser uses the intangible property or uses the rights to intangible property in
8 the regular course of the purchaser's business in this state, regardless of where the
9 purchaser's customers are located.

10 2. For taxable years beginning after December 31, 1999, sales of intangible
11 property are attributed to the state where a purchaser uses the intangible property.
12 If intangible property is used in more than one state, the sales of the intangible
13 property shall be apportioned to this state according to the portion of the intangible
14 property's use in this state. If the portion of intangible property's use in this state
15 cannot be determined, the sales of the intangible property shall be excluded from the
16 numerator and the denominator of the sales factor under par. (a). Intangible
17 property is used in this state if a purchaser uses the intangible property in the
18 regular course of the purchaser's business in this state, regardless of where the
19 purchaser's customers are located.

20 ***-1837/4.8* SECTION 1659.** 71.04 (7) (dr) of the statutes is created to read:

21 71.04 (7) (dr) For taxable years beginning after December 31, 1999, receipts
22 from the performance of services are attributed to the state where the purchaser
23 received the benefit of the services. If a purchaser receives the benefit of a service
24 in more than one state, the receipts from the performance of the service are included
25 in the numerator of the sales factor under par. (a) according to the portion of the

1 benefit of the service received in this state. If the state where a purchaser received
2 the benefit of a service cannot be determined, the benefit of a service is received in
3 the state where the purchaser, in the regular course of the purchaser's business,
4 ordered the service. If the state where a purchaser ordered a service cannot be
5 determined, the benefit of the service is received in the state where the purchaser,
6 in the regular course of the purchaser's business, receives a bill for the service.

7 ***-1220/2.2* SECTION 1660.** 71.05 (1) (c) 2. of the statutes is amended to read:

8 71.05 (1) (c) 2. The Wisconsin housing and economic development authority, if
9 the bonds are to fund a loan under s. 234.935, 1997 stats.

10 ***-0575/P3.1* SECTION 1661.** 71.05 (6) (a) 12. of the statutes is amended to read:

11 71.05 (6) (a) 12. ~~All alimony deducted for federal income tax purposes and paid~~
12 ~~while the individual paying the alimony was a nonresident of this state; all~~ All
13 penalties for early withdrawals from time savings accounts and deposits deducted
14 for federal income tax purposes and paid while the individual charged with the
15 penalty was a nonresident of this state; ~~all repayments of supplemental~~
16 ~~unemployment benefit plan payments deducted for federal income tax purposes and~~
17 ~~made while the individual making the repayment was a nonresident of this state; all~~
18 reforestation expenses related to property not in this state, deducted for federal
19 income tax purposes and paid while the individual paying the expense was not a
20 resident of this state; all contributions to individual retirement accounts, simplified
21 employe pension plans and self-employment retirement plans and all deductible
22 employe contributions, deducted for federal income tax purposes and in excess of that
23 amount multiplied by a fraction the numerator of which is the individual's wages and
24 net earnings from a trade or business taxable by this state and the denominator of
25 which is the individual's total wages and net earnings from a trade or business; the

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1 contributions to a Keogh plan deducted for federal income tax purposes and in excess
2 of that amount multiplied by a fraction the numerator of which is the individual's net
3 earnings from a trade or business, taxable by this state, and the denominator of
4 which is the individual's total net earnings from a trade or business; the amount of
5 health insurance costs of self-employed individuals deducted under section 162 (L)
6 of the internal revenue code for federal income tax purposes and in excess of that
7 amount multiplied by a fraction the numerator of which is the individual's net
8 earnings from a trade or business, taxable by this state, and the denominator of
9 which is the individual's total net earnings from a trade or business; and the amount
10 of self-employment taxes deducted under section 164 (f) of the internal revenue code
11 for federal income tax purposes and in excess of that amount multiplied by a fraction
12 the numerator of which is the individual's net earnings from a trade or business,
13 taxable by this state, and the denominator of which is the individual's total net
14 earnings from a trade or a business.

15 ***-1917/1.2* SECTION 1662.** 71.05 (6) (b) 21. of the statutes is repealed.

16 ***-1806/3.14* SECTION 1663.** 71.05 (6) (b) 23. of the statutes is amended to read:

17 71.05 (6) (b) 23. Any increase in value of a tuition unit that is purchased under
18 a tuition contract under s. ~~16.24~~ 14.63.

19 ***-0573/P2.1* SECTION 1664.** 71.05 (6) (b) 28. e. of the statutes is amended to
20 read:

21 71.05 (6) (b) 28. e. For an individual who is a nonresident or part-year resident
22 of this state, multiply the amount calculated under subd. 28. a. b., c. or d. by a
23 fraction the numerator of which is the individual's wages, salary, tips, unearned
24 income and net earnings from a trade or business that are taxable by this state and
25 the denominator of which is the individual's total wages, salary, tips, unearned

1 income and net earnings from a trade or business. In this subd. 28. e., for married
2 persons filing separately “wages, salary, tips, unearned income and net earnings
3 from a trade or business” means the separate wages, salary, tips, unearned income
4 and net earnings from a trade or business of each spouse, and for married persons
5 filing jointly “wages, salary, tips, unearned income and net earnings from a trade or
6 business” means the total wages, salary, tips, unearned income and net earnings
7 from a trade or business of both spouses.

8 ***-0573/P2.2* SECTION 1665.** 71.05 (6) (b) 28. f. of the statutes is amended to
9 read:

10 71.05 (6) (b) 28. f. Reduce the amount calculated under subd. 28. a., b., c., d. or
11 e. to the individual’s aggregate wages, salary, tips, unearned income and net
12 earnings from a trade or business that are taxable by this state.

13 ***-1917/1.3* SECTION 1666.** 71.05 (22) (dm) of the statutes is amended to read:

14 71.05 (22) (dm) *Deduction limits; 1994 and thereafter to 1999.* Except as
15 provided in par. (f), for taxable years beginning ~~on or after January 1, 1994~~ after
16 December 31, 1993, and before January 1, 2000, the Wisconsin standard deduction
17 is whichever of the following amounts is appropriate. For a single individual who has
18 a Wisconsin adjusted gross income of less than \$7,500, the standard deduction is
19 \$5,200. For a single individual who has a Wisconsin adjusted gross income of at least
20 \$7,500 but not more than \$50,830, the standard deduction is the amount obtained
21 by subtracting from \$5,200 12% of Wisconsin adjusted gross income in excess of
22 \$7,500 but not less than \$0. For a single individual who has a Wisconsin adjusted
23 gross income of more than \$50,830, the standard deduction is \$0. For a head of
24 household who has a Wisconsin adjusted gross income of less than \$7,500, the
25 standard deduction is \$7,040. For a head of household who has a Wisconsin adjusted

gross income of at least \$7,500 but not more than \$25,000, the standard deduction is the amount obtained by subtracting from \$7,040 22.515% of Wisconsin adjusted gross income in excess of \$7,500 but not less than \$0. For a head of household who has a Wisconsin adjusted gross income of more than \$25,000, the standard deduction shall be calculated as if the head of household were a single individual. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of less than \$10,000, the standard deduction is \$8,900. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of at least \$10,000 but not more than \$55,000, the standard deduction is the amount obtained by subtracting from \$8,900 19.778% of aggregate Wisconsin adjusted gross income in excess of \$10,000 but not less than \$0. For a married couple filing jointly that has an aggregate Wisconsin adjusted gross income of more than \$55,000, the standard deduction is \$0. For a married individual filing separately who has a Wisconsin adjusted gross income of less than \$4,750, the standard deduction is \$4,230. For a married individual filing separately who has a Wisconsin adjusted gross income of at least \$4,750 but not more than \$26,140, the standard deduction is the amount obtained by subtracting from \$4,230 19.778% of Wisconsin adjusted gross income in excess of \$4,750 but not less than \$0. For a married individual filing separately who has a Wisconsin adjusted gross income of more than \$26,140, the standard deduction is \$0. The secretary of revenue shall prepare a table under which deductions under this paragraph shall be determined. That table shall be published in the department's instructional booklets.

***-1917/1.4* SECTION 1667.** 71.05 (22) (dp) of the statutes is created to read:

71.05 (22) (dp) *Deduction limits, 2000 and thereafter.* Except as provided in par. (f), for taxable years beginning after December 31, 1999, the Wisconsin standard

1 deduction is whichever of the following amounts is appropriate. For a single
2 individual who has a Wisconsin adjusted gross income of less than \$10,380, the
3 standard deduction is \$7,200. For a single individual who has a Wisconsin adjusted
4 gross income of at least \$10,380 but not more than \$70,380, the standard deduction
5 is the amount obtained by subtracting from \$7,200 12% of Wisconsin adjusted gross
6 income in excess of \$10,380 but not less than \$0. For a single individual who has a
7 Wisconsin adjusted gross income of more than \$70,380, the standard deduction is \$0.
8 For a head of household who has a Wisconsin adjusted gross income of less than
9 \$10,380, the standard deduction is \$9,300. For a head of household who has a
10 Wisconsin adjusted gross income of at least \$10,380 but not more than \$30,350, the
11 standard deduction is the amount obtained by subtracting from \$9,300 22.515% of
12 Wisconsin adjusted gross income in excess of \$10,380 but not less than \$0. For a head
13 of household who has a Wisconsin adjusted gross income of more than \$30,350, the
14 standard deduction shall be calculated as if the head of household were a single
15 individual. For a married couple filing jointly that has an aggregate Wisconsin
16 adjusted gross income of less than \$14,570, the standard deduction is \$12,970. For
17 a married couple filing jointly that has an aggregate Wisconsin adjusted gross
18 income of at least \$14,570 but not more than \$80,150, the standard deduction is the
19 amount obtained by subtracting from \$12,970 19.778% of aggregate Wisconsin
20 adjusted gross income in excess of \$14,570 but not less than \$0. For a married couple
21 filing jointly that has an aggregate Wisconsin adjusted gross income of more than
22 \$80,150, the standard deduction is \$0. For a married individual filing separately
23 who has a Wisconsin adjusted gross income of less than \$6,920, the standard
24 deduction is \$6,160. For a married individual filing separately who has a Wisconsin
25 adjusted gross income of at least \$6,920 but not more than \$38,070, the standard

1 deduction is the amount obtained by subtracting from \$6,160 19.778% of Wisconsin
2 adjusted gross income in excess of \$6,920 but not less than \$0. For a married
3 individual filing separately who has a Wisconsin adjusted gross income of more than
4 \$38,070, the standard deduction is \$0. The secretary of revenue shall prepare a table
5 under which deductions under this paragraph shall be determined. That table shall
6 be published in the department's instructional booklets.

7 ***-1917/1.5* SECTION 1668.** 71.05 (22) (ds) of the statutes is amended to read:

8 71.05 (22) (ds) *Standard deduction indexing.* For taxable years beginning after
9 December 31, 1998, and before January 1, 2000, and for taxable years beginning
10 after December 31, 2000, the dollar amounts of the standard deduction that is
11 allowable under ~~par. pars. (dm) and (dp)~~ and all of the dollar amounts of Wisconsin
12 adjusted gross income under ~~par. pars. (dm) and (dp)~~ shall be increased each year by
13 a percentage equal to the percentage change between the U.S. consumer price index
14 for all urban consumers, U.S. city average, for the month of August of the previous
15 year and the U.S. consumer price index for all urban consumers, U.S. city average,
16 for the month of August of the year before the previous year, as determined by the
17 federal department of labor. Each amount that is revised under this paragraph shall
18 be rounded to the nearest multiple of \$10 if the revised amount is not a multiple of
19 \$10 or, if the revised amount is a multiple of \$5, such an amount shall be increased
20 to the next higher multiple of \$10. The department of revenue shall annually adjust
21 the changes in dollar amounts required under this paragraph and incorporate the
22 changes into the income tax forms and instructions.

23 ***-1917/1.6* SECTION 1669.** 71.05 (22) (f) 4. b. of the statutes is amended to read:

24 71.05 (22) (f) 4. b. The standard deduction that may be claimed by an individual
25 under par. (dm) or (dp), based on the individual's filing status.

1 ***-1917/1.7* SECTION 1670.** 71.05 (23) of the statutes is created to read:

2 71.05 (23) PERSONAL EXEMPTIONS. In computing Wisconsin taxable income, an
3 individual taxpayer may subtract the following amounts:

4 (a) For taxable years that begin after December 31, 1999, and before January
5 1, 2001:

6 1. A personal exemption of \$600 if the taxpayer is required to file a return under
7 s. 71.03 (2) (a) 1. or 2. and \$600 for the taxpayer's spouse, except if the spouse is filing
8 separately or as a head of household.

9 2. An exemption of \$600 for each individual for whom the taxpayer is entitled
10 to an exemption for the taxable year under section 151 (c) of the Internal Revenue
11 Code.

12 3. An additional exemption of \$200 if the taxpayer has reached the age of 65
13 before the close of the taxable year to which his or her tax return relates and \$200
14 for the taxpayer's spouse if he or she has reached the age of 65 before the close of the
15 taxable year to which his or her tax return relates, except if the spouse is filing
16 separately or as a head of household.

17 (b) For taxable years that begin after December 31, 2000:

18 1. A personal exemption of \$700 if the taxpayer is required to file a return under
19 s. 71.03 (2) (a) 1. or 2. and \$700 for the taxpayer's spouse, except if the spouse is filing
20 separately or as a head of household.

21 2. An exemption of \$700 for each individual for whom the taxpayer is entitled
22 to an exemption for the taxable year under section 151 (c) of the Internal Revenue
23 Code.

24 3. An additional exemption of \$250 if the taxpayer has reached the age of 65
25 before the close of the taxable year to which his or her tax return relates and \$250

1 for the taxpayer's spouse if he or she has reached the age of 65 before the close of the
2 taxable year to which his or her tax return relates, except if the spouse is filing
3 separately or as a head of household.

4 (c) With respect to persons who change their domicile into or from this state
5 during the taxable year and nonresident persons, personal exemptions under pars.

6 (a) and (b) shall be limited to the fraction of the amount so determined that Wisconsin
7 adjusted gross income is of federal adjusted gross income. In this paragraph, for
8 married persons filing separately "adjusted gross income" means the separate
9 adjusted gross income of each spouse and for married persons filing jointly "adjusted
10 gross income" means the total adjusted gross income of both spouses. If a person and
11 that person's spouse are not both domiciled in this state during the entire taxable
12 year, their personal exemptions on a joint return are determined by multiplying the
13 personal exemption that would be available to each of them if they were both
14 domiciled in this state during the entire taxable year by a fraction the numerator of
15 which is their joint Wisconsin adjusted gross income and the denominator of which
16 is their joint federal adjusted gross income.

17 *-1917/1.8* SECTION 1671. 71.06 (1m) (intro.) of the statutes is amended to
18 read:

19 71.06 (1m) FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; ~~AFTER~~
20 1997 TO 1999. (intro.) The tax to be assessed, levied and collected upon the taxable
21 incomes of all fiduciaries, except fiduciaries of nuclear decommissioning trust or
22 reserve funds, and single individuals and heads of households shall be computed at
23 the following rates for taxable years beginning after December 31, 1997, and before
24 January 1, 2000:

25 *-1917/1.9* SECTION 1672. 71.06 (1n) of the statutes is created to read:

1 **71.06 (1n)** FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; 2000. The
2 tax to be assessed, levied and collected upon the taxable incomes of all fiduciaries,
3 except fiduciaries of nuclear decommissioning trust or reserve funds, and single
4 individuals and heads of households shall be computed at the following rates for
5 taxable years beginning after December 31, 1999, and before January 1, 2001:

6 (a) On all taxable income from \$0 to \$7,500, 4.73%.

7 (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 6.33%.

8 (c) On all taxable income exceeding \$15,000 but not exceeding \$112,500, 6.55%.

9 (d) On all taxable income exceeding \$112,500, 6.75%.

10 ***-1917/1.10*** **SECTION 1673.** 71.06 (1p) of the statutes is created to read:

11 **71.06 (1p)** FIDUCIARIES, SINGLE INDIVIDUALS AND HEADS OF HOUSEHOLDS; AFTER
12 2000. The tax to be assessed, levied and collected upon the taxable incomes of all
13 fiduciaries, except fiduciaries of nuclear decommissioning trust or reserve funds, and
14 single individuals and heads of households shall be computed at the following rates
15 for taxable years beginning after December 31, 2000:

16 (a) On all taxable income from \$0 to \$7,500, 4.6%.

17 (b) On all taxable income exceeding \$7,500 but not exceeding \$15,000, 6.15%.

18 (c) On all taxable income exceeding \$15,000 but not exceeding \$112,500, 6.5%.

19 (d) On all taxable income exceeding \$112,500, 6.75%.

20 ***-1917/1.11*** **SECTION 1674.** 71.06 (2) (c) (intro.) of the statutes is amended to
21 read:

22 71.06 (2) (c) (intro.) For joint returns, for taxable years beginning after
23 December 31, 1997, and before January 1, 2000:

24 ***-1917/1.12*** **SECTION 1675.** 71.06 (2) (d) (intro.) of the statutes is amended to
25 read:

1 71.06 (2) (d) (intro.) For married persons filing separately, for taxable years
2 beginning after December 31, 1997, and before January 1, 2000:

3 ***-1917/1.13* SECTION 1676.** 71.06 (2) (e) of the statutes is created to read:

4 71.06 (2) (e) For joint returns, for taxable years beginning after December 31,
5 1999, and before January 1, 2001:

6 1. On all taxable income from \$0 to \$10,000, 4.73%.

7 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 6.33%.

8 3. On all taxable income exceeding \$20,000 but not exceeding \$150,000, 6.55%.

9 4. On all taxable income exceeding \$150,000, 6.75%.

10 ***-1917/1.14* SECTION 1677.** 71.06 (2) (f) of the statutes is created to read:

11 71.06 (2) (f) For married persons filing separately, for taxable years beginning
12 after December 31, 1999, and before January 1, 2001:

13 1. On all taxable income from \$0 to \$5,000, 4.73%.

14 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 6.33%.

15 3. On all taxable income exceeding \$10,000 but not exceeding \$75,000, 6.55%.

16 4. On all taxable income exceeding \$75,000, 6.75%.

17 ***-1917/1.15* SECTION 1678.** 71.06 (2) (g) of the statutes is created to read:

18 71.06 (2) (g) For joint returns, for taxable years beginning after December 31,
19 2000:

20 1. On all taxable income from \$0 to \$10,000, 4.6%.

21 2. On all taxable income exceeding \$10,000 but not exceeding \$20,000, 6.15%.

22 3. On all taxable income exceeding \$20,000 but not exceeding \$150,000, 6.5%.

23 4. On all taxable income exceeding \$150,000, 6.75%.

24 ***-1917/1.16* SECTION 1679.** 71.06 (2) (h) of the statutes is created to read:

1 71.06 (2) (h) For married persons filing separately, for taxable years beginning
2 after December 31, 2000:

3 1. On all taxable income from \$0 to \$5,000, 4.6%.

4 2. On all taxable income exceeding \$5,000 but not exceeding \$10,000, 6.15%.

5 3. On all taxable income exceeding \$10,000 but not exceeding \$75,000, 6.5%.

6 4. On all taxable income exceeding \$75,000, 6.75%.

7 *~~-1917/1.17~~* **SECTION 1680.** 71.06 (2e) of the statutes is amended to read:

8 71.06 (2e) BRACKET INDEXING. For taxable years beginning after December 31,
9 1998, and before January 1, 2000, the maximum dollar amount in each tax bracket,
10 and the corresponding minimum dollar amount in the next bracket, under subs. (1m)
11 and (2) (c) and (d), and for taxable years beginning after December 31, 2001, the
12 maximum dollar amount in each tax bracket, and the corresponding minimum dollar
13 amount in the next bracket, under subs. (1p) and (2) (g) and (h), shall be increased
14 each year by a percentage equal to the percentage change between the U.S. consumer
15 price index for all urban consumers, U.S. city average, for the month of August of the
16 previous year and the U.S. consumer price index for all urban consumers, U.S. city
17 average, for the month of August of the year before the previous year, as determined
18 by the federal department of labor. Each amount that is revised under this
19 subsection shall be rounded to the nearest multiple of \$10 if the revised amount is
20 not a multiple of \$10 or, if the revised amount is a multiple of \$5, such an amount
21 shall be increased to the next higher multiple of \$10. The department of revenue
22 shall annually adjust the changes in dollar amounts required under this subsection
23 and incorporate the changes into the income tax forms and instructions.

24 *~~-1917/1.18~~* **SECTION 1681.** 71.06 (2m) of the statutes is amended to read:

1 71.06 (2m) RATE CHANGES. If a rate under sub. (1), (1m), ~~(1n), (1p)~~ or (2) changes
2 during a taxable year, the taxpayer shall compute the tax for that taxable year by the
3 methods applicable to the federal income tax under section 15 of the internal revenue
4 code.

5 *~~1917/1.19~~* SECTION 1682. 71.06 (2s) (b) of the statutes is amended to read:

6 71.06 (2s) (b) For taxable years beginning after December 31, 1997, and before
7 January 1, 2000, with respect to nonresident individuals, including individuals
8 changing their domicile into or from this state, the tax brackets under subs. (1m) and
9 (2) (c) and (d) shall be multiplied by a fraction, the numerator of which is Wisconsin
10 adjusted gross income and the denominator of which is federal adjusted gross
11 income. In this paragraph, for married persons filing separately “adjusted gross
12 income” means the separate adjusted gross income of each spouse, and for married
13 persons filing jointly “adjusted gross income” means the total adjusted gross income
14 of both spouses. If an individual and that individual’s spouse are not both domiciled
15 in this state during the entire taxable year, the tax brackets under subs. (1m) and
16 (2) (c) and (d) on a joint return shall be multiplied by a fraction, the numerator of
17 which is their joint Wisconsin adjusted gross income and the denominator of which
18 is their joint federal adjusted gross income.

19 *~~1917/1.20~~* SECTION 1683. 71.06 (2s) (c) of the statutes is created to read:

20 71.06 (2s) (c) For taxable years beginning after December 31, 1999, and before
21 January 1, 2001, with respect to nonresident individuals, including individuals
22 changing their domicile into or from this state, the tax brackets under subs. (1n) and
23 (2) (e) and (f) shall be multiplied by a fraction, the numerator of which is Wisconsin
24 adjusted gross income and the denominator of which is federal adjusted gross
25 income. In this paragraph, for married persons filing separately “adjusted gross

1 income” means the separate adjusted gross income of each spouse, and for married
2 persons filing jointly “adjusted gross income” means the total adjusted gross income
3 of both spouses. If an individual and that individual’s spouse are not both domiciled
4 in this state during the entire taxable year, the tax brackets under subs. (1n) and (2)
5 (e) and (f) on a joint return shall be multiplied by a fraction, the numerator of which
6 is their joint Wisconsin adjusted gross income and the denominator of which is their
7 joint federal adjusted gross income.

8 ***-1917/1.21* SECTION 1684.** 71.06 (2s) (d) of the statutes is created to read:

9 71.06 (2s) (d) For taxable years beginning after December 31, 2000, with
10 respect to nonresident individuals, including individuals changing their domicile
11 into or from this state, the tax brackets under subs. (1p) and (2) (g) and (h) shall be
12 multiplied by a fraction, the numerator of which is Wisconsin adjusted gross income
13 and the denominator of which is federal adjusted gross income. In this paragraph,
14 for married persons filing separately “adjusted gross income” means the separate
15 adjusted gross income of each spouse, and for married persons filing jointly “adjusted
16 gross income” means the total adjusted gross income of both spouses. If an individual
17 and that individual’s spouse are not both domiciled in this state during the entire
18 taxable year, the tax brackets under subs. (1p) and (2) (g) and (h) on a joint return
19 shall be multiplied by a fraction, the numerator of which is their joint Wisconsin
20 adjusted gross income and the denominator of which is their joint federal adjusted
21 gross income.

22 ***-0549/P1.1* SECTION 1685.** 71.07 (2dj) (am) 3. of the statutes is amended to
23 read:

1 71.07 (2dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)
2 of the internal revenue code to allow certification within the ~~90-day~~ period beginning
3 with the first day of employment of the employee ~~by the claimant~~.

4 *~~-0550/1.1~~* SECTION 1686. 71.07 (2dx) (b) 4. of the statutes is amended to read:

5 71.07 (2dx) (b) 4. The amount determined by multiplying the amount
6 determined under s. 560.785 (1) ~~(b)~~ (bm) by the number of full-time jobs retained,
7 as provided in the rules under s. 560.785, excluding jobs for which a credit has been
8 claimed under sub. (2dj), in a an enterprise development zone under s. 560.797 and
9 filled by a member of a targeted group for which significant capital investment was
10 made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

11 *~~-1785/P3.5~~* SECTION 1687. 71.07 (3) of the statutes is amended to read:

12 71.07 (3) FARMLAND PRESERVATION CREDIT. FARMLAND PRESERVATION ACREAGE
13 CREDIT. The farmland preservation credit and the farmland preservation acreage
14 credit under subch. IX may be claimed against taxes otherwise due.

15 *~~-1917/1.22~~* SECTION 1688. 71.07 (5) (a) 7. of the statutes is created to read:

16 71.07 (5) (a) 7. Miscellaneous itemized deductions under the Internal Revenue
17 Code, without regard to whether such deductions are subject to the 2% floor as
18 described in section 67 of the Internal Revenue Code.

19 *~~-0574/1.1~~* SECTION 1689. 71.07 (5) (a) 8. of the statutes is created to read:

20 71.07 (5) (a) 8. Any employment-related educational expense that is claimed
21 as an itemized deduction under the Internal Revenue Code to the extent that such
22 an amount is also claimed as a subtract modification under s. 71.05 (6) (b) 28.

23 *~~-1917/1.23~~* SECTION 1690. 71.07 (5m) (e) of the statutes is created to read:

24 71.07 (5m) (e) *Sunset*. No new claim may be filed under this subsection for a
25 taxable year that begins after December 31, 1999.

1 ***-1917/1.24* SECTION 1691.** 71.07 (6) (am) 2. c. of the statutes is amended to
2 read:

3 71.07 (6) (am) 2. c. For taxable years beginning after December 31, 1999, and
4 before January 1, 2001, 2.75% of the earned income of the spouse with the lower
5 earned income, but not more than ~~\$385~~ \$440.

6 ***-1917/1.25* SECTION 1692.** 71.07 (6) (am) 2. d. of the statutes is amended to
7 read:

8 71.07 (6) (am) 2. d. For taxable years beginning after December 31, 2000, 3%
9 of the earned income of the spouse with the lower earned income, but not more than
10 ~~\$420~~ \$480.

11 ***-1917/1.26* SECTION 1693.** 71.07 (8) (d) of the statutes is created to read:

12 71.07 (8) (d) No new claim may be filed under this subsection for a taxable year
13 that begins after December 31, 1999.

14 ***-1917/1.27* SECTION 1694.** 71.07 (9) (g) of the statutes is created to read:

15 71.07 (9) (g) No new claim may be filed under this subsection for a taxable year
16 that begins after December 31, 1999.

17 ***-1611/5.10* SECTION 1695.** 71.07 (9e) (af) (intro.) of the statutes is amended
18 to read:

19 71.07 (9e) (af) (intro.) For taxable years beginning after December 31, 1995,
20 and subject to par. (afm), any natural person may credit against the tax imposed
21 under s. 71.02 an amount equal to one of the following percentages of the federal
22 basic earned income credit for which the person is eligible for the taxable year under
23 section 32 (b) (1) (A) to (C) of the internal revenue code:

24 ***-1611/5.11* SECTION 1696.** 71.07 (9e) (afm) of the statutes is created to read:

SECTION 1696

1 71.07 (9e) (afm) If a natural person who is otherwise eligible for the credit
2 under this subsection is also participating in Wisconsin works under s. 49.147 (4) (c),
3 the credit that such a natural person may claim under par. (af) shall be calculated
4 as if the calculation of the person's federal basic earned income credit described in
5 par. (af) did not include wages that the person received from a wage-paying
6 community service job under s. 49.147 (4) (c).

7 *~~-1785/P3.6~~* SECTION 1697. 71.10 (4) (i) of the statutes is amended to read:

8 71.10 (4) (i) The total of claim of right credit under s. 71.07 (1), farmland
9 preservation credit and farmland preservation acreage credit under subch. IX,
10 homestead credit under subch. VIII, farmland tax relief credit under s. 71.07 (3m),
11 farmers' drought property tax credit under s. 71.07 (2fd), earned income tax credit
12 under s. 71.07 (9e), estimated tax payments under s. 71.09, and taxes withheld under
13 subch. X.

14 *~~-1917/1.28~~* SECTION 1698. 71.125 of the statutes is amended to read:

15 **71.125 Imposition of tax.** (1) Except as provided in sub. (2), the tax imposed
16 by this chapter on individuals and the rates under s. 71.06 (1), (1m), (1n), (1p) and
17 (2) shall apply to the Wisconsin taxable income of estates or trusts, except nuclear
18 decommissioning trust or reserve funds, and that tax shall be paid by the fiduciary.

19 (2) Each electing small business trust, as defined in section 1361 (e) (1) of the
20 Internal Revenue Code, is subject to tax at the highest rate under s. 71.06 (1) ~~or under~~
21 ~~s. 71.06, (1m), (1n) or (1p),~~ whichever taxable year is applicable, on its income as
22 computed under section 641 of the Internal Revenue Code, as modified by s. 71.05
23 (6) to (12), (19) and (20).

24 *~~-1917/1.29~~* SECTION 1699. 71.17 (6) of the statutes is amended to read:

1 71.17 (6) FUNERAL TRUSTS. If a qualified funeral trust makes the election under
2 section 685 of the Internal Revenue Code for federal income tax purposes, that
3 election applies for purposes of this chapter and each trust shall compute its own tax
4 and shall apply the rates under s. 71.06 (1) ~~and, (1m), (1n) or (1p).~~

5 *~~1749/1.1~~* SECTION 1700. 71.23 (3) (d) of the statutes is created to read:

6 71.23 (3) (d) The storage for any length of time in this state in or on property
7 owned by a person other than the foreign corporation of its tangible personal
8 property and the transfer of possession to another person in this state when the
9 tangible personal property is for fabricating, processing, manufacturing or printing
10 by that other person in this state.

11 *~~1689/3.1~~* SECTION 1701. 71.25 (5) (a) (intro.) of the statutes is amended to
12 read:

13 71.25 (5) (a) *Apportionable income.* (intro.) Except as provided in sub. (6),
14 corporations engaged in business both within and without this state are subject to
15 apportionment. Income, gain or loss from the sources listed in this paragraph is
16 presumed apportionable. Apportionable income includes all income or loss of
17 corporations, other than nonapportionable income as specified in par. (b), including,
18 but not limited to, income, gain or loss from the following sources:

19 *~~1689/3.2~~* SECTION 1702. 71.25 (5) (a) 9. of the statutes is amended to read:

20 71.25 (5) (a) 9. Interest and dividends ~~if the operations of the payer are unitary~~
21 ~~with those of the payee, or if those operations are not unitary but the investment~~
22 ~~activity from which that income is derived is an integral part of a unitary business~~
23 ~~and the payer and payee are neither affiliates nor related as parent company and~~
24 ~~subsidiary. In this subdivision, "investment activity" includes decision making~~
25 ~~relating to the purchase and sale of stocks and other securities, investing surplus~~

1 ~~funds and the management and record keeping associated with corporate~~
2 ~~investments, not including activities of a broker or other agent in maintaining an~~
3 ~~investment portfolio.~~

4 ***-1689/3.3* SECTION 1703.** 71.25 (5) (a) 10. of the statutes is amended to read:

5 71.25 (5) (a) 10. Sale of intangible assets ~~if the operations of the company in~~
6 ~~which the investment was made were unitary with those of the investing company,~~
7 ~~or if those operations were not unitary but the investment activity from which that~~
8 ~~gain or loss was derived is an integral part of a unitary business and the companies~~
9 ~~were neither affiliates nor related as parent company and subsidiary. In this~~
10 ~~subdivision, "investment activity" has the meaning given under subd. 9.~~

11 ***-1689/3.4* SECTION 1704.** 71.25 (5) (b) 1. of the statutes is renumbered 71.25
12 (5) (b).

13 ***-1689/3.5* SECTION 1705.** 71.25 (5) (b) 2. of the statutes is repealed.

14 ***-1837/4.9* SECTION 1706.** 71.25 (6) of the statutes is amended to read:

15 71.25 (6) ALLOCATION AND SEPARATE ACCOUNTING AND APPORTIONMENT FORMULA.
16 Corporations engaged in business within and without the state shall be taxed only
17 on such income as is derived from business transacted and property located within
18 the state. The amount of such income attributable to Wisconsin may be determined
19 by an allocation and separate accounting thereof, when the business of such
20 corporation within the state is not an integral part of a unitary business, but the
21 department of revenue may permit an allocation and separate accounting in any case
22 in which it is satisfied that the use of such method will properly reflect the income
23 taxable by this state. In all cases in which allocation and separate accounting is not
24 permissible, the determination shall be made in the following manner: for all
25 businesses except financial organizations, public utilities, railroads, sleeping car

1 companies, car line companies and corporations or associations that are subject to
2 a tax on unrelated business income under s. 71.26 (1) (a) there shall first be deducted
3 from the total net income of the taxpayer the part thereof (less related expenses, if
4 any) that follows the situs of the property or the residence of the recipient. ~~The For~~
5 taxable years ending on or before December 31, 1999, the remaining net income shall
6 be apportioned to ~~Wisconsin~~ this state by use of an apportionment fraction composed
7 of a sales factor under sub. (9) representing 50% of the fraction, a property factor
8 under sub. (7) representing 25% of the fraction and a payroll factor under sub. (8)
9 representing 25% of the fraction. For taxable years beginning on or after January
10 1, 2000, the remaining net income shall be apportioned to this state by use of an
11 apportionment fraction composed of the sales factor under sub. (9).

12 *~~-1837/4.10~~* **SECTION 1707.** 71.25 (7) (intro.) of the statutes is amended to
13 read:

14 71.25 (7) PROPERTY FACTOR. (intro.) For purposes of sub. (5) and for taxable
15 years ending on or before December 31, 1999:

16 *~~-1837/4.11~~* **SECTION 1708.** 71.25 (8) (intro.) of the statutes is amended to
17 read:

18 71.25 (8) PAYROLL FACTOR. (intro.) For purposes of sub. (5) and for taxable years
19 ending on or before December 31, 1999:

20 *~~-1837/4.12~~* **SECTION 1709.** 71.25 (9) (d) of the statutes is amended to read:

21 71.25 (9) (d) Sales, other than sales of tangible personal property, are in this
22 state if the income-producing activity is performed in this state. If the
23 income-producing activity is performed both in and outside this state the sales shall
24 be divided between those states having jurisdiction to tax such business in
25 proportion to the direct costs of performance incurred in each such state in rendering

1 this service. Services performed in states which do not have jurisdiction to tax the
2 business shall be deemed to have been performed in the state to which compensation
3 is allocated by sub. (8). This paragraph does not apply to taxable years beginning
4 after December 31, 1999.

5 ***-1837/4.13* SECTION 1710.** 71.25 (9) (dc) of the statutes is created to read:

6 71.25 (9) (dc) For taxable years beginning after December 31, 1999, sales,
7 rents, royalties, and other income from real property, and the receipts from the lease
8 or rental of tangible personal property are attributed to the state in which the
9 property is located.

10 ***-1837/4.14* SECTION 1711.** 71.25 (9) (dg) of the statutes is created to read:

11 71.25 (9) (dg) For taxable years beginning after December 31, 1999, receipts
12 from the lease or rental of moving property including but not limited to motor
13 vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the
14 numerator of the sales factor under par. (a) to the extent that the property is used
15 in this state. The use of moving property in this state is determined as follows:

16 1. A motor vehicle is used in this state if it is registered in this state and used
17 wholly in this state.

18 2. The use of rolling stock in this state is determined by multiplying the receipts
19 from the lease or rental of the rolling stock by a fraction having as a numerator the
20 miles traveled within this state by the leased or rented rolling stock and having as
21 a denominator the total miles traveled by the leased or rented rolling stock.

22 3. The use of an aircraft in this state is determined by multiplying the receipts
23 from the lease or rental of the aircraft by a fraction having as a numerator the
24 number of landings of the aircraft in this state and having as a denominator the total
25 number of landings anywhere of the aircraft.

1 4. The use of a vessel, mobile equipment or other mobile property in this state
2 is determined by multiplying the receipts from the lease or rental of the property by
3 a fraction having as a numerator the number of days in the taxable year that the
4 vessel, mobile equipment or other mobile property was in this state and having as
5 a denominator the number of days in the taxable year that the vessel, mobile
6 equipment or other mobile property was rented or leased.

7 ***-1837/4.15*** **SECTION 1712.** 71.25 (9) (dn) of the statutes is created to read:

8 71.25 (9) (dn) 1. For taxable years beginning after December 31, 1999, royalties
9 and other income received for the use of intangible property are attributed to the
10 state where the purchaser uses the intangible property. If intangible property is used
11 in more than one state, the royalties and other income received for the use of the
12 intangible property shall be apportioned to this state according to the portion of the
13 intangible property's use in this state. If the portion of intangible property's use in
14 this state cannot be determined, the royalties and other income received for the use
15 of intangible property shall be excluded from the numerator and the denominator of
16 the sales factor under par. (a). Intangible property is used in this state if a purchaser
17 uses the intangible property or uses the rights to intangible property in the regular
18 course of the purchaser's business in this state, regardless of where the purchaser's
19 customers are located.

20 2. For taxable years beginning after December 31, 1999, sales of intangible
21 property are attributed to the state where a purchaser uses the intangible property.
22 If intangible property is used in more than one state, the sales of the intangible
23 property shall be apportioned to this state according to the portion of the intangible
24 property's use in this state. If the portion of intangible property's use in this state
25 cannot be determined, the sales of the intangible property shall be excluded from the

1 numerator and the denominator of the sales factor under par. (a). Intangible
2 property is used in this state if a purchaser uses the intangible property in the
3 regular course of the purchaser's business in this state, regardless of where the
4 purchaser's customers are located.

5 ***-1837/4.16* SECTION 1713.** 71.25 (9) (dr) of the statutes is created to read:

6 71.25 (9) (dr) For taxable years beginning after December 31, 1999, receipts
7 from the performance of services are attributed to the state where the purchaser
8 received the benefit of the services. If a purchaser receives the benefit of a service
9 in more than one state, the receipts from the performance of the service are included
10 in the numerator of the sales factor under par. (a) according to the portion of the
11 benefit of the service received in this state. If the state where a purchaser received
12 the benefit of a service cannot be determined, the benefit of a service is received in
13 the state where the purchaser, in the regular course of the purchaser's business,
14 ordered the service. If the state where a purchaser ordered a service cannot be
15 determined, the benefit of the service is received in the state where the purchaser,
16 in the regular course of the purchaser's business, receives a bill for the service.

17 ***-1837/4.17* SECTION 1714.** 71.25 (9) (e) (title) of the statutes is repealed.

18 ***-1837/4.18* SECTION 1715.** 71.25 (9) (f) (title) of the statutes is repealed.

19 ***-1689/3.6* SECTION 1716.** 71.255 of the statutes is created to read:

20 **71.255 Combined reporting. (1) DEFINITIONS.** In this section:

21 (a) "Affiliated group" means any of the following:

22 1. A parent corporation and any corporation or chain of corporations that are
23 connected to the parent corporation by direct or indirect ownership by the parent
24 corporation if the parent corporation owns stock representing 50% or more of the
25 voting stock of at least one of the connected corporations or if the parent corporation

1 or any of the connected corporations owns stock that cumulatively represents 50%
2 or more of the voting stock of each of the connected corporations.

3 2. Any 2 or more corporations if a common corporate or common noncorporate
4 owner owns directly or indirectly stock representing 50% or more of the voting stock
5 of the corporations.

6 3. A partnership, limited liability company or tax-option corporation if a
7 parent corporation or any corporation connected to the parent corporation by
8 common ownership directly or indirectly owns shares representing 50% of the shares
9 of the partnership, limited liability company or tax-option corporation.

10 4. Any 2 or more corporations if stock representing 50% or more of the voting
11 stock in each corporation are interests that cannot be separately transferred.

12 5. Any 2 or more corporations if stock representing 50% or more of the voting
13 stock is directly owned by, or for the benefit of, family members. In this subdivision,
14 “family members” means an individual or a spouse related by blood, marriage or
15 adoption within the 2nd degree of kinship as computed under s. 852.03 (2), 1995
16 stats.

17 (b) “Combined report” means a form prescribed by the department that shows
18 the calculations under this section to divide the income of an affiliated group
19 conducting a unitary business among the jurisdictions where the affiliated group
20 conducts its trade or business.

21 (c) “Corporation” has the meaning given in s. 71.22 (1) or 71.42 (1).

22 (d) “Department” means the department of revenue.

23 (e) “Intercompany transaction” means a transaction between corporations,
24 partnerships, limited liability companies or tax-option corporations that become

1 members of the same affiliated group that is engaged in a unitary business
2 immediately after the transaction.

3 (f) "Partnership" means any entity considered a partnership under section
4 7701 of the Internal Revenue Code.

5 (g) "Unitary business" means trade or business conducted by persons that have
6 common ownership and the trade or business of one person is integrated with,
7 dependent upon, or contributes to the trade or business of another person. Trade or
8 business is presumed to be unitary if the trade or business has centralized
9 management or a centralized executive force; centralized purchasing, advertising or
10 accounting; intercorporate sales or leases; intercorporate services; intercorporate
11 debts; intercorporate use of proprietary materials; interlocking directorates or
12 interlocking corporate officers; or if a trade or business conducted in this state is
13 owned by a person that conducts a trade or business entirely outside of this state that
14 is different from the trade or business conducted in this state.

15 (h) "Water's edge method" does not include the income and apportionment
16 factors of a tax-option corporation unless the department determines that the
17 water's edge method is necessary to accurately report the income of the tax option
18 corporation apportioned to this state. "Water's edge method" means the income and
19 apportionment factors of the following unitary businesses:

20 1. Any corporation organized or incorporated under the laws of the United
21 States, any state, the District of Columbia, the Commonwealth of Puerto Rico, any
22 possession of the United States, or any subdivision of the United States, including
23 corporations under sections 931 to 936 of the Internal Revenue Code.

24 2. Any domestic international sales corporation under sections 991 to 994 of the
25 Internal Revenue Code.

1 3. Any foreign sales corporation under sections 921 to 927 of the Internal
2 Revenue Code.

3 4. Any export trade corporation under sections 970 and 971 of the Internal
4 Revenue Code.

5 5. Any corporation regardless of its place of incorporation if the average of its
6 property and payroll factors within the United States, and computed on an annual
7 basis, is at least 20%.

8 6. Any corporation not described in subds. 1. to 5. to the extent of the
9 corporation's income within the United States and the corporation's property and
10 payroll factors assignable to a location within the United States.

11 (i) "Worldwide method" means the income and apportionment factors of a
12 unitary business regardless of the country where any member of the unitary
13 business is organized or incorporated or conducts business. The worldwide method
14 does not include the income and apportionment factors of tax-option corporations
15 unless the department determines that the worldwide method is necessary to
16 accurately report the income of the tax option corporation apportioned to this state.

17 (2) CORPORATIONS REQUIRED TO USE COMBINED REPORTING. A corporation that is
18 subject to tax under s. 71.23 (1) or (2) or 71.43, that is a member of an affiliated group
19 and is engaged in a unitary business with one or more members of the affiliated
20 group shall elect to compute the corporation's income using the water's edge method
21 of combined reporting or the worldwide method of combined reporting. A corporation
22 electing to file a tax return using the worldwide method may not thereafter elect to
23 file a tax return using the water's edge method without the department's consent.
24 A corporation that has previously filed a return using the worldwide method may file
25 with the department a request to file a return using the water's edge method before

1 the end of the taxable year that the water's edge method is to apply. The department
2 shall promulgate rules to implement this section.

3 (3) ACCOUNTING PERIOD. For purposes of this section, the income and
4 apportionment factors of all corporations that are members of an affiliated group and
5 that are engaged in a unitary business shall be determined by using the same
6 accounting period. If the affiliated group that is engaged in a unitary business has
7 a common parent corporation, the accounting period of the common parent
8 corporation shall be used to determine the income and apportionment factors of all
9 the corporations that are members of the affiliated group that are engaged in a
10 unitary business. If the affiliated group that is engaged in a unitary business has
11 no common parent corporation, the income of the affiliated group that is engaged in
12 a unitary business shall be determined using the accounting period of the member
13 of the affiliated group that has the most significant operations on a recurring basis
14 in this state.

15 (4) FILING RETURNS. (a) *Corporations with the same accounting period.*
16 Corporations that must file a return under this section and that have the same
17 accounting period may elect to file a group return under par. (c) that reports this
18 state's aggregate franchise or income tax liability of all members of the affiliated
19 group that are engaged in a unitary business. Corporations that must file a return
20 under this section may elect to file separate returns reporting the corporations'
21 respective apportionment of this state's franchise or income tax liability as
22 determined under the water's edge or worldwide method, if each corporation filing
23 a separate return pays its own apportionment of this state's franchise or income tax
24 liability.

1 (b) *Corporations with different accounting periods.* Corporations that must file
2 a return under this section and that have different accounting periods shall use the
3 actual figures from the corporations' financial records to determine the proper
4 income and income-related computations to convert to a common accounting period.
5 Corporations that must file a return under this section may use a proportional
6 method to convert income to a common accounting period if the results of the
7 proportional method do not materially misrepresent the income apportioned to this
8 state. The apportionment factors shall be computed according to the same method
9 used to determine the income for the common accounting period. If a corporation
10 performs an interim closing of its financial records to determine the income
11 attributable to the common accounting period, the actual figures from the interim
12 closing shall be used to convert the apportionment factors to the common accounting
13 period.

14 (c) *Designated agent.* If corporations that are subject to this section elect to file
15 a group return under par. (a), the parent corporation of the affiliated group shall be
16 the sole designated agent for each member of the affiliated group including the
17 parent corporation . The designated agent shall file the group return under par. (a),
18 shall file for any extensions under s. 71.24 (7) or 71.44 (3), shall file amended returns
19 and claims for refund or credit, and shall send and receive all correspondence with
20 the department regarding a return filed under this section. Any notice the
21 department sends to the designated agent is considered a notice sent to all members
22 of the affiliated group. Any refund shall be paid to and in the name of the designated
23 agent and shall discharge any liability of the state to any member of an affiliated
24 group regarding the refund. The affiliated group filing a group return under par. (a)
25 shall pay all taxes, including estimated taxes, in the designated agent's name. The

1 designated agent shall participate on behalf of the affiliated group in any
2 investigation or hearing requested by the department regarding a return filed under
3 this section and shall produce all information requested by the department
4 regarding a return filed under this section. The designated agent may execute a
5 power of attorney on the behalf of the designated agent and the members of the
6 affiliated group. The designated agent shall execute waivers, closing agreements
7 and other documents regarding a return filed under par. (a) and any waiver,
8 agreement or document executed by the designated agent shall be considered as
9 executed by all members of the affiliated group. If the department acts in good faith
10 with an affiliated group member that represents itself as the designated agent for
11 the affiliated group, any action taken by the department with the affiliated group
12 member has the same effect as if the affiliated group member were the designated
13 agent for the affiliated group.

14 (d) *Part-year members.* If a corporation becomes a member of an affiliated
15 group engaged in a unitary business or ceases to be a member of an affiliated group
16 engaged in a unitary business after the beginning of a common accounting period,
17 the corporation's income shall be apportioned to this state as follows:

18 1. If the corporation is required to file 2 short period federal returns for the
19 common accounting period, the income for the short period that the corporation was
20 a member of an affiliated group engaged in a unitary business shall be determined
21 using the water's edge or worldwide method. The income for the remaining short
22 period shall be by separate reporting under s. 71.25 or 71.45. If the corporation
23 becomes a member of another affiliated group engaged in a unitary business in the
24 remaining short period, the corporation's income shall be determined for the
25 remaining short period using the water's edge or worldwide method.

1 2. If the corporation is not required to file federal short period returns, the
2 corporation must file a separate return. Income shall be determined by the following
3 methods:

4 a. By the water's edge or worldwide method for any period that the corporation
5 was a member of an affiliated group that was engaged in a unitary business.

6 b. By separate reporting under s. 71.25 or 71.45 for any period that the
7 corporation was not a member of an affiliated group that was engaged in a unitary
8 business.

9 (e) *Group amended returns.* The election to file a group return under this
10 section applies to an amended group return that includes the same corporations that
11 joined in the filing of the original group return. Under this section, an amended
12 return shall be filed as follows:

13 1. If an election to file a group return that is in effect for a taxable year is
14 revoked for the taxable year because the affiliated group that filed the group return
15 is not a unitary business under sub. (1) (a), as determined by the department, the
16 designated agent for the affiliated group shall not file an amended group return. The
17 designated agent and each corporation that joined in filing the group return shall file
18 a separate amended return. To compute the tax due on a separate amended return,
19 a corporation that files a separate amended return shall consider all the payments,
20 credits or other amounts, including refunds, that the designated agent allocated to
21 the corporation.

22 2. If a change in tax liability under this section is due to the removal of a
23 corporation from an affiliated group because the corporation was not eligible to be
24 member of the affiliated group for the taxable year, as determined by the

1 department, the designated agent shall file an amended group return and the
2 ineligible corporation shall file a separate amended return.

3 3. If a corporation erroneously fails to join in the filing of a group return, the
4 designated agent shall file an amended group return that includes the corporation.
5 If a corporation that erroneously fails to join in the filing of a group return has filed
6 a separate return, the corporation shall file an amended separate return that shows
7 no net income, overpayment or underpayment, and shows that the corporation has
8 joined in the filing of a group return under this section.

9 (5) INCOME COMPUTATION UNDER COMBINED REPORTING. Under the water's edge
10 or worldwide method, income attributable to this state shall be determined as
11 follows:

12 (a) The net income of each corporation as determined under s. 71.26, 71.34 (1)
13 or 71.45.

14 (b) To the amount determined under par. (a) add a general or limited partner's
15 share of income to the extent that the general or limited partner and the partnership
16 in which the general or limited partner invests are engaged in a unitary business,
17 regardless of the percentage of the general or limited partner's ownership in the
18 partnership.

19 (c) Adjust each corporation's income, as determined under sub. (b), as provided
20 under s. 71.30 or 71.49.

21 (d) From the amount determined under par. (c), subtract intercompany
22 transactions, such that intercompany accounts of assets, liabilities, equities, income,
23 costs or expenses are excluded from the determination of income to accurately reflect
24 the income and apportionment factors in a tax return that is filed under this section.
25 To compute the apportionment factors, intercompany transactions are excluded from

1 both the numerator and the denominator. Distributions of intercompany dividends
2 that are paid from nonbusiness earnings or nonbusiness profits, or distributions of
3 intercompany dividends that are paid from earnings or profits that are accumulated
4 before the payer corporation becomes a member of an affiliated group engaged in a
5 unitary business, are not excluded from the income of the recipient corporation. An
6 intercompany distribution that exceeds the payer corporation's earnings or profits
7 or stock basis shall not be considered income from an intercompany sale of an asset
8 and shall not be excluded as income from an intercompany transaction.
9 Intercompany dividends that are paid from earnings or profits from a unitary
10 business income shall be considered as paid first from current earnings or profits and
11 then from accumulations from prior years in reverse order of accumulation. An
12 intercompany transaction includes the following:

13 1. Income from sales of inventory from one member of an affiliated group to
14 another member of an affiliated group.

15 2. Gain or loss from sales of intangible assets from one member of an affiliated
16 group to another member of an affiliated group.

17 3. Gain or loss on sales of fixed assets or capitalized intercompany charges from
18 one member of an affiliated group to another member of an affiliated group.

19 4. Loans, advances, receivables and similar items due one member of an
20 affiliated group to another member of an affiliated group, including interest income
21 and interest expense related to these items.

22 5. Stock or other equity of one member of an affiliated group that is owned or
23 controlled by another member of an affiliated group.

24 6. Except as provided in par. (d) (intro.), intercompany dividends paid out of
25 earnings and profits from a unitary business income.

1 7. Annual rent paid by one member of an affiliated group to another member
2 of an affiliated group.

3 8. Management or service fees paid by one member of an affiliated group to
4 another member of an affiliated group.

5 9. Income or expenses allocated or charged by one member of an affiliated group
6 to another member of an affiliated group.

7 (e) To the amount determined under par. (d) for each corporation, add
8 nonbusiness income, net of related expenses, and subtract nonbusiness losses, net
9 of related expenses, to determine each corporation's apportionable income or loss.

10 (f) Calculate the apportionment factors under sub. (6) and multiply each
11 corporation's apportionable income or loss, as determined under par. (e), by the
12 corporation's apportionment percentage.

13 (g) Allocate the combined net income attributable to this state among the
14 corporations subject to this state's income or franchise tax, according to the ratio of
15 each corporation's income factors attributable to this state compared to the affiliated
16 group's aggregated income factors attributable to this state.

17 (h) To the amount determined under par. (g), add each corporation's
18 nonbusiness income attributable to this state and subtract each corporation's
19 nonbusiness losses attributable to this state.

20 (i) To the amount determined under par. (h), subtract each corporation's net
21 business loss carry-forward under s. 71.26 (4) or 71.45 (4). A corporation shall not
22 apply s. 71.26 (4) or 71.45 (4) to the amount determined under par. (h) if the
23 corporation did not file a tax return in this state for taxable years ending on or before
24 December 31, 1999.

1 **(6) APPORTIONMENT FACTOR COMPUTATION UNDER COMBINED REPORTING.** Under the
2 water's edge or worldwide method, this state's apportionment factors are determined
3 as follows:

4 (a) The apportionment factors of each corporation as determined under s. 71.25
5 or 71.45.

6 (b) To the amount determined under par. (a), add a general or limited partner's
7 share of the apportionment factors to the extent that the general or limited partner
8 and the partnership in which the general or limited partner invests are engaged in
9 a unitary business, regardless of the percentage of the general or limited partner's
10 ownership in the partnership.

11 (c) To the amount determined under par. (b), subtract intercompany
12 transactions under sub. (5) (d).

13 **(7) NET OPERATING LOSSES.** For the first 2 taxable years that a group return is
14 filed under this section, the net operating loss for each member of an affiliated group
15 that files a group return is determined by each member's share of business income
16 or business loss by adding each member's share of nonbusiness income and
17 subtracting each member's share of nonbusiness loss. Beginning with the 3rd
18 taxable year that a group return is filed under this section, if a member of an
19 affiliated group that files a group return has a positive net income as determined
20 under sub. (5), the affiliated group shall only deduct the amount of the net operating
21 loss carry-forward attributable to the member.

22 **(8) ESTIMATED TAX PAYMENTS.** (a) For the first 2 taxable years that a group
23 return is filed under this section, estimated taxes may be paid on a group or on a
24 separate basis. The amount of any separate estimated taxes paid in the first 2
25 taxable years that a group return is filed shall be credited against the group's tax

1 liability. The designated agent shall notify the department of any estimated taxes
2 paid on a separate basis in the first 2 taxable years that a group return is filed.

3 (b) If a group return under this section is filed for 2 consecutive taxable years,
4 estimated taxes shall be paid on a group basis for each subsequent taxable year and
5 until such time as separate returns are filed by the corporations that were members
6 of an affiliated group that filed group returns under this section. For the taxable
7 years in which combined estimated payments are required under this subsection, the
8 department shall consider the affiliated group filing a group return as one taxpayer.
9 If a corporation subject to this section files a separate return in a taxable year
10 following a year in which the corporation joined in filing a group return, the amount
11 of any estimated tax payments made on a group basis for the previous year shall be
12 credited against the tax liability of the corporation that files a separate return, as
13 allocated by the designated agent with the department's approval.

14 (c) If an affiliated group pays estimated taxes on a group basis for a taxable year
15 or for any part of a taxable year, and the members of the affiliated group file separate
16 returns for the taxable year, the designated agent, with the department's approval,
17 shall allocate the estimated tax payments among the members of the affiliated
18 group.

19 (9) INTEREST FOR UNDERPAYMENT OF ESTIMATED TAX. (a) *General.* Under this
20 subsection, the amount of interest that is due for an underpayment of estimated
21 taxes shall be computed as follows:

22 1. For the first year in which a group return is filed, the amount of interest that
23 is due for an underpayment of estimated taxes shall be determined by using the
24 aggregate of the tax and income shown on the returns filled by the members of the
25 group for the previous year.

1 2. For estimated taxes paid under sub. (7) (c), the amount of interest that is due
2 from a group member for an underpayment of estimated taxes paid by the group
3 member shall be determined by using the group member's separate company items
4 from the combined report filed for the previous year and the group member's
5 allocated share of the combined estimated payments for the current year. The
6 designated agent shall report the group member's allocated share of the combined
7 estimated payments for the current year to department, in the manner prescribed
8 by the department.

9 3. If estimated taxes are paid on a group basis for a taxable year but the group
10 does not file a group return for the current taxable year and did not file a group return
11 for the previous taxable year, the estimated tax shall be credited to the corporation
12 that made the estimated tax payment on the group's behalf.

13 (b) *Entering a group.* For a corporation that becomes a member of an affiliated
14 group during a common accounting period under sub. (3), the amount of interest that
15 is due for an underpayment of estimated taxes shall be allocated to the corporation
16 as follows:

17 1. If a corporation becomes a member of an affiliated group at the beginning
18 of a common accounting period, the corporation shall include with the corresponding
19 items on the group return for the previous common accounting period the separate
20 company items shown on the corporation's return for the previous taxable year.

21 2. If a corporation is not a member of an affiliated group for an entire common
22 accounting period, the corporation shall include with the corresponding items on the
23 group return for the current taxable year the corporation's separate company items
24 for that portion of the common accounting period that the corporation was a member
25 of the affiliated group.

1 3. To determine the separate company items under subd. 1. and 2., if a
2 corporation is a member of an affiliated group during a portion of a common
3 accounting period in which the corporation becomes a member of another affiliated
4 group, the corporation's separate company items shall include the separate company
5 items that are attributed to the corporation by the designated agent of the first
6 affiliated group.

7 (c) *Leaving a group.* For a corporation that leaves an affiliated group during
8 a common accounting period under sub. (3), the amount of interest that is due for an
9 underpayment of estimated taxes shall be allocated as follows:

10 1. The separate company items attributed by the designated agent to the
11 corporation for the common accounting period during which the corporation leaves
12 the affiliated group shall be excluded from the corresponding items of the affiliated
13 group for the current common accounting period and all the common accounting
14 periods following the corporation's departure from the affiliated group.

15 2. A corporation that leaves an affiliated group shall consider the separate
16 company items attributed to the corporation by the designated agent of the affiliated
17 group to determine the the amount of interest that is due from the corporation for
18 an underpayment of estimated taxes under sub. (7).

19 (10) ASSESSMENT NOTICE. A notice of taxes that are owed by an affiliated group
20 that files a return under this section shall name each corporation that is a member
21 of the affiliated group during any part of the period covered by the notice. The
22 department's failure to name a member of an affiliated group on a notice under this
23 subsection shall not invalidate the notice as to an unnamed member of the affiliated
24 group. Any levy, lien or other proceeding to collect the amount of a tax assessment
25 under this section shall name the corporation that the department shall collect the

1 assessment from. If a corporation that joined in the filing of a group return under
2 this section leaves the affiliated group, the department shall send the corporation a
3 copy of any notice sent to the affiliated group under this subsection if the corporation
4 notifies the department that the corporation is no longer a member of the affiliated
5 group and if the corporation requests in writing that the department send notices
6 under this subsection to the corporation. The department's failure to comply with
7 a corporation's request to receive a notice under this subsection does not effect the
8 tax liability of the corporation.

9 (11) LIABILITY FOR TAX, INTEREST AND PENALTY. If members of an affiliated group
10 file a group return under this section, the members of the affiliated group shall be
11 jointly and severally liable for any combined tax, interest or penalty. The liability
12 of a member of an affiliated group for any combined tax, interest or penalty shall not
13 be reduced by an agreement with another member of the affiliated group or by an
14 agreement with another person.

15 (12) PRESUMPTIONS AND BURDEN OF PROOF. An affiliated group under sub. (1) (a)
16 shall be presumed to be engaged in a unitary business under sub. (1) (g) and all the
17 income of the unitary business shall be presumed to be apportionable business
18 income under this section. A corporation, partnership, limited liability company or
19 tax-option corporation shall have the burden of proving that it is not a member of
20 an affiliated group subject to this section.

21 *-0030/1.112* SECTION 1717. 71.26 (1) (b) of the statutes is amended to read:

22 71.26 (1) (b) *Political units.* Income received by the United States, the state
23 and all counties, cities, villages, towns, school districts, technical college districts,
24 joint local water authorities created under s. 66.0735, family care districts under s.
25 46.2895 or other political units of this state.

SECTION 1718

1 ***-1689/3.7* SECTION 1718.** 71.26 (3) (L) of the statutes is amended to read:

2 71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount
3 otherwise deductible under this chapter that is directly or indirectly related to
4 income wholly exempt from taxes imposed by this chapter or to losses from the sale
5 or other disposition of assets the gain from which would be exempt under this
6 paragraph if the assets were sold or otherwise disposed of at a gain is not deductible.
7 In this paragraph, “wholly exempt income”, for corporations subject to franchise or
8 income taxes, includes ~~amounts received from affiliated or subsidiary corporations~~
9 ~~for interest, dividends or capital gains that, because of the degree of common~~
10 ~~ownership, control or management between the payor and payee,~~ are not subject to
11 taxes under this chapter. In this paragraph, “wholly exempt income”, for
12 corporations subject to income taxation under this chapter, also includes interest on
13 obligations of the United States. In this paragraph, “wholly exempt income” does not
14 include income excludable, not recognized, exempt or deductible under specific
15 provisions of this chapter. If any expense or amount otherwise deductible is
16 indirectly related both to wholly exempt income or loss and to other income or loss,
17 a reasonable proportion of the expense or amount shall be allocated to each type of
18 income or loss, in light of all the facts and circumstances.

19 ***-0549/P1.2* SECTION 1719.** 71.28 (1dj) (am) 3. of the statutes is amended to
20 read:

21 71.28 (1dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)
22 of the internal revenue code to allow certification within the ~~90-day~~ period beginning
23 with the first day of employment of the employee ~~by the claimant.~~

24 ***-0550/1.2* SECTION 1720.** 71.28 (1dx) (b) 4. of the statutes is amended to read:

1 71.28 (1dx) (b) 4. The amount determined by multiplying the amount
2 determined under s. 560.785 (1) (b) (bm) by the number of full-time jobs retained,
3 as provided in the rules under s. 560.785, excluding jobs for which a credit has been
4 claimed under sub. (1dj), in a an enterprise development zone under s. 560.797 and
5 ~~filled by a member of a targeted group for which significant capital investment was~~
6 made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

7 ***-1785/P3.7* SECTION 1721.** 71.28 (2) of the statutes is amended to read:

8 71.28 (2) FARMLAND PRESERVATION CREDIT, FARMLAND PRESERVATION ACREAGE
9 CREDIT. The farmland preservation credit and the farmland preservation acreage
10 credit under subch. IX may be claimed against taxes otherwise due subject to the
11 provisions, requirements and conditions of that subchapter.

12 ***-1837/4.19* SECTION 1722.** 71.28 (4) (a) of the statutes is amended to read:

13 71.28 (4) (a) *Credit.* Any corporation may credit against taxes otherwise due
14 under this chapter an amount equal to 5% of the amount obtained by subtracting
15 from the corporation's qualified research expenses, as defined in section 41 of the
16 internal revenue code, except that "qualified research expenses" includes only
17 expenses incurred by the claimant, incurred for research conducted in this state for
18 the taxable year, except that a taxpayer may elect the alternative computation under
19 section 41 (c) (4) of the Internal Revenue Code and that election applies until the
20 department permits its revocation and except that "qualified research expenses"
21 does not include compensation used in computing the credit under subs. (1dj) and
22 (1dx), the corporation's base amount, as defined in section 41 (c) of the internal
23 revenue code, except that gross receipts used in calculating the base amount means
24 gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. ~~and.~~

1 (d), (dc), (dg), (dn) and (dr). Section 41 (h) of the internal revenue code does not apply
2 to the credit under this paragraph.

3 ***-1837/4.20* SECTION 1723.** 71.28 (4) (am) 1. of the statutes is amended to
4 read:

5 71.28 (4) (am) *Development zone additional research credit.* 1. In addition to
6 the credit under par. (a), any corporation may credit against taxes otherwise due
7 under this chapter an amount equal to 5% of the amount obtained by subtracting
8 from the corporation's qualified research expenses, as defined in section 41 of the
9 internal revenue code, except that "qualified research expenses" include only
10 expenses incurred by the claimant in a development zone under subch. VI of ch. 560,
11 except that a taxpayer may elect the alternative computation under section 41 (c) (4)
12 of the Internal Revenue Code and that election applies until the department permits
13 its revocation and except that "qualified research expenses" do not include
14 compensation used in computing the credit under sub. (1dj) nor research expenses
15 incurred before the claimant is certified for tax benefits under s. 560.765 (3), the
16 corporation's base amount, as defined in section 41 (c) of the internal revenue code,
17 in a development zone, except that gross receipts used in calculating the base amount
18 means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and
19 2. and, (d), (dc), (dg), (dn) and (dr) and research expenses used in calculating the base
20 amount include research expenses incurred before the claimant is certified for tax
21 benefits under s. 560.765 (3), in a development zone, if the claimant submits with the
22 claimant's return a copy of the claimant's certification for tax benefits under s.
23 560.765 (3) and a statement from the department of commerce verifying the
24 claimant's qualified research expenses for research conducted exclusively in a
25 development zone. The rules under s. 73.03 (35) apply to the credit under this

1 subdivision. The rules under sub. (1d) (f) and (g) as they apply to the credit under
2 that subsection apply to claims under this subdivision. Section 41 (h) of the internal
3 revenue code does not apply to the credit under this subdivision.

4 ***-1689/3.8* SECTION 1724.** 71.29 (2) of the statutes is amended to read:

5 71.29 (2) WHO SHALL PAY. ~~Every~~ Except as provided in s. 71.255 (8), a
6 corporation subject to tax under s. 71.23 (1) or (2) and every virtually exempt entity
7 subject to tax under s. 71.125 or 71.23 (1) or (2) shall pay an estimated tax.

8 ***-1785/P3.8* SECTION 1725.** 71.30 (3) (f) of the statutes is amended to read:

9 71.30 (3) (f) The total of farmers' drought property tax credit under s. 71.28
10 (1fd), farmland preservation credit and farmland preservation acreage credit under
11 subch. IX, farmland tax relief credit under s. 71.28 (2m) and estimated tax payments
12 under s. 71.29.

13 ***-1689/3.9* SECTION 1726.** 71.44 (1) (e) of the statutes is created to read:

14 71.44 (1) (e) A corporation that is a member of an affiliated group, as defined
15 in s. 71.255 (1) (a), and engaged in a unitary business, as defined in s. 71.255 (1) (g),
16 shall file a tax return under s. 71.255.

17 ***-1837/4.21* SECTION 1727.** 71.45 (3) (intro.) of the statutes is amended to
18 read:

19 71.45 (3) APPORTIONMENT. (intro.) ~~With~~ Except as provided in pars. (a) and (b),
20 with respect to domestic insurers not engaged in the sale of life insurance but which,
21 in the taxable year, have collected premiums written on subjects of insurance
22 resident, located or to be performed outside this state, there shall be subtracted from
23 the net income figure derived by application of sub. (2) (a) to arrive at Wisconsin
24 income constituting the measure of the franchise tax an amount calculated by

1 multiplying such adjusted federal taxable income by the arithmetic average of the
2 following 2 percentages:

3 ***-1837/4.22* SECTION 1728.** 71.45 (3) (a) of the statutes is amended to read:

4 71.45 (3) (a) The percentage of total premiums written on all property and risks
5 other than life insurance, wherever located during the taxable year, as reflects
6 premiums written on insurance, other than life insurance, where the subject of
7 insurance was resident, located or to be performed outside this state. For taxable
8 years beginning after December 31, 1999, the premiums percentage under this
9 paragraph is the only percentage applied to the apportionment calculations in this
10 paragraph and in sub. (3m).

11 ***-1837/4.23* SECTION 1729.** 71.45 (3) (b) of the statutes is renumbered 71.45
12 (3) (b) 1. and amended to read:

13 71.45 (3) (b) 1. The percentage of total payroll, exclusive of life insurance
14 payroll, paid everywhere in the taxable year as reflects such compensation paid
15 outside this state. The payroll percentage under this paragraph does not apply to
16 the apportionment calculations under this paragraph and under sub. (3m) for
17 taxable years beginning after December 31, 1999.

18 2. Compensation is paid outside this state if the individual's service is
19 performed entirely outside this state; or the individual's service is performed both
20 within and without this state, but the service performed within is incidental to the
21 individual's service without this state; or some service is performed without this
22 state and the base of operations, or if there is no base of operations, the place from
23 which the service is directed or controlled is without this state, or the base of
24 operations or the place from which the service is directed or controlled is not in any

1 state in which some part of the service is performed, but the individual's residence
2 is outside this state.

3 ***-1837/4.24* SECTION 1730.** 71.45 (3m) of the statutes is amended to read:

4 71.45 (3m) ARITHMETIC AVERAGE. The Except as provided in pars. (a) and (b),
5 the arithmetic average of the 2 percentages referred to in sub. (3) shall be applied to
6 the net income figure arrived at by the successive application of sub. (2) (a) and (b)
7 with respect to Wisconsin insurers to which sub. (2) (a) and (b) applies and which
8 have collected premiums written upon insurance, other than life insurance, where
9 the subject of such insurance was resident, located or to be performed outside this
10 state, to arrive at Wisconsin income constituting the measure of the franchise tax.

11 ***-1689/3.10* SECTION 1731.** 71.46 (3) of the statutes is repealed.

12 ***-0549/P1.3* SECTION 1732.** 71.47 (1dj) (am) 3. of the statutes is amended to
13 read:

14 71.47 (1dj) (am) 3. Modify the rule for certification under section 51 (d) (16) (A)
15 of the internal revenue code to allow certification within the ~~90-day~~ period beginning
16 with the first day of employment of the employee ~~by the claimant~~.

17 ***-0550/1.3* SECTION 1733.** 71.47 (1dx) (b) 4. of the statutes is amended to read:

18 71.47 (1dx) (b) 4. The amount determined by multiplying the amount
19 determined under s. 560.785 (1) ~~(b)~~ (bm) by the number of full-time jobs retained,
20 as provided in the rules under s. 560.785, excluding jobs for which a credit has been
21 claimed under sub. (1dj), in ~~a~~ an enterprise development zone under s. 560.797 and
22 filled by a member of a targeted group for which significant capital investment was
23 made and by then subtracting the subsidies paid under s. 49.147 (3) (a) for those jobs.

24 ***-1785/P3.9* SECTION 1734.** 71.47 (2) of the statutes is amended to read:

1 71.47 (2) FARMLAND PRESERVATION CREDIT, FARMLAND PRESERVATION ACREAGE
2 CREDIT The farmland preservation credit and the farmland preservation acreage
3 credit under subch. IX may be claimed against taxes otherwise due.

4 ***-1837/4.25* SECTION 1735.** 71.47 (4) (a) of the statutes is amended to read:

5 71.47 (4) (a) *Credit.* Any corporation may credit against taxes otherwise due
6 under this chapter an amount equal to 5% of the amount obtained by subtracting
7 from the corporation's qualified research expenses, as defined in section 41 of the
8 internal revenue code, except that "qualified research expenses" includes only
9 expenses incurred by the claimant, incurred for research conducted in this state for
10 the taxable year, except that a taxpayer may elect the alternative computation under
11 section 41 (c) (4) of the Internal Revenue Code and that election applies until the
12 department permits its revocation and except that "qualified research expenses"
13 does not include compensation used in computing the credit under subs. (1dj) and
14 (1dx), the corporation's base amount, as defined in section 41 (c) of the internal
15 revenue code, except that gross receipts used in calculating the base amount means
16 gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and 2. and,
17 (d), (dc), (dg), (dn) and (dr). Section 41 (h) of the internal revenue code does not apply
18 to the credit under this paragraph.

19 ***-1837/4.26* SECTION 1736.** 71.47 (4) (am) of the statutes is amended to read:

20 71.47 (4) (am) *Development zone additional research credit.* In addition to the
21 credit under par. (a), any corporation may credit against taxes otherwise due under
22 this chapter an amount equal to 5% of the amount obtained by subtracting from the
23 corporation's qualified research expenses, as defined in section 41 of the internal
24 revenue code, except that "qualified research expenses" include only expenses
25 incurred by the claimant in a development zone under subch. VI of ch. 560, except

1 that a taxpayer may elect the alternative computation under section 41 (c) (4) of the
2 Internal Revenue Code and that election applies until the department permits its
3 revocation and except that “qualified research expenses” do not include
4 compensation used in computing the credit under sub. (1dj) nor research expenses
5 incurred before the claimant is certified for tax benefits under s. 560.765 (3), the
6 corporation’s base amount, as defined in section 41 (c) of the internal revenue code,
7 in a development zone, except that gross receipts used in calculating the base amount
8 means gross receipts from sales attributable to Wisconsin under s. 71.25 (9) (b) 1. and
9 2. and, (d), (dc), (dg), (dn) and (dr) and research expenses used in calculating the base
10 amount include research expenses incurred before the claimant is certified for tax
11 benefits under s. 560.765 (3), in a development zone, if the claimant submits with the
12 claimant’s return a copy of the claimant’s certification for tax benefits under s.
13 560.765 (3) and a statement from the department of commerce verifying the
14 claimant’s qualified research expenses for research conducted exclusively in a
15 development zone. The rules under s. 73.03 (35) apply to the credit under this
16 paragraph. The rules under sub. (1di) (f) and (g) as they apply to the credit under
17 that subsection apply to claims under this paragraph. Section 41 (h) of the internal
18 revenue code does not apply to the credit under this paragraph. No credit may be
19 claimed under this paragraph for taxable years that begin on January 1, 1998, or
20 thereafter. Credits under this paragraph for taxable years that begin before January
21 1, 1998, may be carried forward to taxable years that begin on January 1, 1998, or
22 thereafter.

23 ***-1689/3.11* SECTION 1737.** 71.48 of the statutes is amended to read:

1 **71.48 Payments of estimated taxes.** Sections Except as provided in s.
2 71.255 (8), ss. 71.29 and 71.84 (2) shall apply to insurers subject to taxation under
3 this chapter.

4 ***-1785/P3.10* SECTION 1738.** 71.49 (1) (f) of the statutes is amended to read:

5 71.49 (1) (f) The total of farmers' drought property tax credit under s. 71.47
6 (1fd), farmland preservation credit and farmland preservation acreage credit under
7 subch. IX, farmland tax relief credit under s. 71.47 (2m) and estimated tax payments
8 under s. 71.48.

9 ***-1917/1.30* SECTION 1739.** 71.54 (1) (d) (intro.) of the statutes is amended to
10 read:

11 71.54 (1) (d) 1991 and thereafter to 1999. (intro.) The amount of any claim filed
12 in 1991 ~~and thereafter to 1999~~ and based on property taxes accrued or rent
13 constituting property taxes accrued during the previous year is limited as follows:

14 ***-1917/1.31* SECTION 1740.** 71.54 (1) (e) of the statutes is created to read:

15 71.54 (1) (e) *2000 and thereafter.* The amount of any claim filed in 2000 and
16 thereafter and based on property taxes accrued or rent constituting property taxes
17 accrued during the previous year is limited as follows:

18 1. If the household income was \$8,000 or less in the year to which the claim
19 relates, the claim is limited to 80% of the property taxes accrued or rent constituting
20 property taxes accrued or both in that year on the claimant's homestead.

21 2. If the household income was more than \$8,000 in the year to which the claim
22 relates, the claim is limited to 80% of the amount by which the property taxes accrued
23 or rent constituting property taxes accrued or both in that year on the claimant's
24 homestead exceeds 11.8% of the household income exceeding \$8,000.

1 3. No credit may be allowed if the household income of a claimant exceeds
2 \$20,290.

3 *~~-0494/2.1~~* **SECTION 1741.** 71.54 (2) (a) (intro.) of the statutes is amended to
4 read:

5 71.54 (2) (a) (intro.) Property taxes accrued or rent constituting property taxes
6 accrued shall be reduced by one-twelfth for each month or portion of a month for
7 which the claimant received relief from any county under s. 59.53 (21) equal to or in
8 excess of \$400, participated in Wisconsin works under s. 49.147 (4) or (5) or 49.148
9 (1m) or received assistance under s. 49.19, except assistance received:

10 *~~-1785/P3.11~~* **SECTION 1742.** 71.58 (8) of the statutes is amended to read:

11 71.58 (8) "Property taxes accrued" means property taxes, exclusive of special
12 assessments, delinquent interest and charges for service, levied on the farmland and
13 improvements owned by the claimant or any member of the claimant's household in
14 any calendar year under ch. 70, less the tax credit, if any, afforded in respect of the
15 property by s. 79.10. "Property taxes accrued" shall not exceed ~~\$6,000~~ the amount
16 described as the maximum excessive property tax in s. 71.60 (1) (a). If farmland is
17 owned by a tax-option corporation, a limited liability company or by 2 or more
18 persons or entities as joint tenants, tenants in common or partners or is marital
19 property or survivorship marital property and one or more such persons, entities or
20 owners is not a member of the claimant's household, "property taxes accrued" is that
21 part of property taxes levied on the farmland, reduced by the tax credit under s.
22 79.10, that reflects the ownership percentage of the claimant and the claimant's
23 household. For purposes of this subsection, property taxes are "levied" when the tax
24 roll is delivered to the local treasurer for collection. If farmland is sold during the
25 calendar year of the levy the "property taxes accrued" for the seller is the amount of

SECTION 1742

1 the tax levy, reduced by the tax credit under s. 79.10, prorated to each in the closing
2 agreement pertaining to the sale of the farmland, except that if the seller does not
3 reimburse the buyer for any part of those property taxes there are no “property taxes
4 accrued” for the seller, and the “property taxes accrued” for the buyer is the property
5 taxes levied on the farmland, reduced by the tax credit under s. 79.10, minus, if the
6 seller reimburses the buyer for part of the property taxes, the amount prorated to the
7 seller in the closing agreement. With the claim for credit under this subchapter, the
8 seller shall submit a copy of the closing agreement and the buyer shall submit a copy
9 of the closing agreement and a copy of the property tax bill.

10 ***-1785/P3.12* SECTION 1743.** 71.59 (1) (a) of the statutes is amended to read:

11 71.59 (1) (a) Subject to the limitations provided in this subchapter and s. 71.80
12 (3) and (3m), a claimant may claim as a credit against Wisconsin income or franchise
13 taxes otherwise due, the amount derived under s. 71.60 or the amount derived under
14 s. 71.605, or both. If the allowable amount of claim exceeds the income or franchise
15 taxes otherwise due on or measured by the claimant’s income or if there are no
16 Wisconsin income or franchise taxes due on or measured by the claimant’s income,
17 the amount of the claim not used as an offset against income or franchise taxes shall
18 be certified to the department of administration for payment to the claimant by
19 check, share draft or other draft drawn on the general fund.

20 ***-1785/P3.13* SECTION 1744.** 71.59 (1) (b) (intro.) of the statutes is amended
21 to read:

22 71.59 (1) (b) (intro.) Every claimant under this ~~subchapter~~ section and s. 71.60
23 shall supply, at the request of the department, in support of the claim, all of the
24 following:

25 ***-1785/P3.14* SECTION 1745.** 71.59 (1) (b) 5. of the statutes is created to read:

1 71.59 (1) (b) 5. A copy of a certificate of compliance, issued by the land
2 conservation committee of each of the counties that have jurisdiction over the
3 farmland, that certifies that the soil and water standards that apply to the farmland
4 under s. 92.105 (1), (2) and (3) are being met.

5 ***-1785/P3.15* SECTION 1746.** 71.59 (1) (c) of the statutes is amended to read:

6 71.59 (1) (c) A farmland preservation agreement submitted under par. (b) 3.
7 shall contain provisions specified under s. 91.13 (8) including either a provision
8 requiring farming operations to be conducted in substantial accordance with a soil
9 and water conservation plan prepared under s. 92.104, 1997 stats., or a provision
10 requiring farming operations to be conducted in compliance with reasonable soil and
11 water conservation standards established under s. 92.105.

12 ***-1785/P3.16* SECTION 1747.** 71.59 (1) (d) (intro.) of the statutes is amended
13 to read:

14 71.59 (1) (d) (intro.) The certificate of ~~the zoning authority~~ submitted under
15 par. (b) ~~3~~, 5, shall certify:

16 ***-1785/P3.17* SECTION 1748.** 71.59 (1) (d) 1. of the statutes is amended to
17 read:

18 71.59 (1) (d) 1. That the lands are within the boundaries of an agricultural
19 zoning district which is part of an adopted ordinance meeting the standards of subch.
20 V of ch. 91 and certified under s. 91.06, 1997 stats.

21 ***-1785/P3.18* SECTION 1749.** 71.59 (2) (intro.) of the statutes is amended to
22 read:

23 71.59 (2) INELIGIBLE CLAIMS. (intro.) No credit shall be allowed under this
24 ~~subchapter section~~ section and s. 71.60:

25 ***-1785/P3.19* SECTION 1750.** 71.59 (2) (b) of the statutes is amended to read:

1 71.59 (2) (b) If a notice of noncompliance with an applicable soil and water
2 conservation plan under s. 92.104, 1997 stats., is in effect with respect to the
3 claimant at the time the claim is filed.

4 ***-1785/P3.20* SECTION 1751.** 71.59 (2) (d) of the statutes is amended to read:

5 71.59 (2) (d) For property taxes accrued on farmland zoned for exclusive
6 agricultural use under an ordinance certified under ~~subch. V of ch. 91~~ s. 91.06, 1997
7 stats., which is granted a special exception or conditional use permit for a use which
8 is not an agricultural use, as defined in s. 91.01 (1).

9 ***-1785/P3.21* SECTION 1752.** 71.60 (1) (a) of the statutes is amended to read:

10 71.60 (1) (a) The amount of excessive property taxes shall be computed by
11 subtracting from property taxes accrued the amount of 7% of the 2nd \$5,000 of
12 household income plus 9% of the 3rd \$5,000 of household income plus 11% of the 4th
13 \$5,000 of household income plus 17% of the 5th \$5,000 of household income plus 27%
14 of the 6th \$5,000 of household income plus 37% of household income in excess of
15 \$30,000. The maximum excessive property tax which can be utilized is \$6,000 for
16 claims that are calculated under par. (b) and the maximum excessive property tax
17 which can be utilized is \$4,000 for claims that are calculated under par. (bm).

18 ***-1785/P3.22* SECTION 1753.** 71.60 (1) (b) of the statutes is amended to read:

19 71.60 (1) (b) The Except as provided in par. (bm), the credit allowed under s.
20 71.59 and this subchapter section shall be limited to 90% of the first \$2,000 of
21 excessive property taxes plus 70% of the 2nd \$2,000 of excessive property taxes plus
22 50% of the 3rd \$2,000 of excessive property taxes. The maximum credit shall not
23 exceed \$4,200 for any claimant. The credit for any claimant shall be the greater of
24 either the credit as calculated under this subchapter as it exists at the end of the year
25 for which the claim is filed or as it existed on the date on which the farmland became

1 subject to a current agreement under subch. II ~~or III~~ of ch. 91 or under subch. III of
2 ch. 91, 1997 stats., using for such calculations household income and property taxes
3 accrued of the year for which the claim is filed.

4 ***-1785/P3.23* SECTION 1754.** 71.60 (1) (bm) of the statutes is created to read:

5 71.60 (1) (bm) For new claims that are filed under s. 71.59 and this section that
6 relate to taxable years beginning after December 31, 2000, the credit allowed shall
7 be limited to 40% of the first \$2,000 of excessive property taxes plus 60% of the next
8 \$1,000 of excessive property taxes plus 70% of the next \$1,000 of excessive property
9 taxes. The maximum credit shall not exceed \$2,100 for any claimant who files a claim
10 to which this paragraph applies. The credit for any claimant shall be the greater of
11 either the credit as calculated under this subchapter as it exists at the end of the year
12 for which the claim is filed or as it existed on the date on which the farmland became
13 subject to a current certificate that is described in s. 71.59 (1) (b) 5., using for such
14 calculations household income and property taxes accrued of the year for which the
15 claim is filed.

16 ***-1785/P3.24* SECTION 1755.** 71.60 (1) (c) 1. to 3. of the statutes are amended
17 to read:

18 71.60 (1) (c) 1. If the farmland is located in a county which has a ~~certified an~~
19 agricultural preservation plan certified under subch. IV of ch. 91 s. 91.06, 1997 stats.,
20 at the close of the year for which credit is claimed and is in an area zoned by a county,
21 city or village for exclusive agricultural use under ch. 91 at the close of such year, the
22 amount of the claim shall be that as specified in par. (b).

23 2. If the farmland is subject to a transition area agreement under subch. II of
24 ch. 91 on July 1 of the year for which credit is claimed, or the claimant had applied
25 for such an agreement before July 1 of such year and the agreement has subsequently

1 been executed, and the farmland is located in a city or village which has a ~~certified~~
2 an exclusive agricultural use zoning ordinance certified under subch. V of ch. 91 s.
3 91.06, 1997 stats., in effect at the close of the year for which credit is claimed, or in
4 a town which is subject to a ~~certified~~ county exclusive agricultural use zoning
5 ordinance certified under subch. V of ch. 91 s. 91.06, 1997 stats., in effect at the close
6 of the year for which credit is claimed, the amount of the claim shall be that as
7 specified in par. (b).

8 3. If the claimant or any member of the claimant's household owns farmland
9 which is ineligible for credit under subd. 1. or 2. but was subject to a farmland
10 preservation agreement under subch. III of ch. 91, 1997 stats., on July 1 of the year
11 for which credit is claimed, or the owner had applied for such an agreement before
12 July 1 of such year and the agreement has subsequently been executed, and if the
13 owner has applied by the end of the year in which conversion under s. 91.41, 1997
14 stats., is first possible for conversion of the agreement to a transition area agreement
15 under subch. II of ch. 91, and the transition area agreement has subsequently been
16 executed, and the farmland is located in a city or village which has a ~~certified~~ an
17 exclusive agricultural use zoning ordinance certified under subch. V of ch. 91 s.
18 91.06, 1997 stats., in effect at the close of the year for which credit is claimed, or in
19 a town which is subject to a ~~certified~~ county exclusive agricultural use zoning
20 ordinance certified under subch. V of ch. 91 s. 91.06, 1997 stats., in effect at the close
21 of the year for which credit is claimed, the amount of the claim shall be that specified
22 in par. (b).

23 ***-1785/P3.25* SECTION 1756.** 71.60 (1) (c) 5. to 8. of the statutes are amended
24 to read:

1 71.60 (1) (c) 5. If the claimant or any member of the claimant's household owns
2 farmland which is ineligible for credit under subds. 1. to 4. but was subject to a
3 farmland preservation agreement under subch. III of ch. 91, 1997 stats., on July 1
4 of the year for which credit is claimed, or the owner had applied for such an
5 agreement before July 1 of such year and the agreement has subsequently been
6 executed, and if the owner has applied by the end of the year in which conversion
7 under s. 91.41, 1997 stats., is first possible for conversion of the agreement to an
8 agreement under subch. II of ch. 91, and the agreement under subch. II of ch. 91 has
9 subsequently been executed, the amount of the claim shall be limited to 80% of that
10 specified in par. (b).

11 6. If the farmland is located in an agricultural district under a ~~certified~~ county
12 agricultural preservation plan certified under subch. IV of ch. 91 s. 91.06, 1997 stats.,
13 at the close of the year for which credit is claimed, and is located in an area zoned for
14 exclusive agricultural use under a ~~certified~~ town ordinance certified under subch. V
15 of ch. 91 s. 91.06, 1997 stats., at the close of such year, the amount of the claim shall
16 be the amount specified in par. (b).

17 6m. If the farmland is located in an agricultural district under a ~~certified~~
18 county agricultural preservation plan certified under subch. IV of ch. 91 s. 91.06,
19 1997 stats., at the close of the year for which credit is claimed, and is located in an
20 area zoned for exclusive agricultural use under a ~~certified~~ county or town ordinance
21 certified under subch. V of ch. 91 s. 91.06, 1997 stats., for part of a year but not at
22 the close of that year because the farmland became subject to a city or village
23 extraterritorial zoning ordinance under s. 62.23 (7a), the amount of the claim shall
24 be equal to the amount that the claim would have been under this section if the

1 farmland were subject to a certified county or town exclusive agricultural use
2 ordinance at the close of the year.

3 7. If the farmland is located in an area zoned for exclusive agricultural use
4 under a ~~certified~~ county, city or village ordinance certified under subch. V of ch. 91
5 s. 91.06, 1997 stats., at the close of the year for which credit is claimed, but the county
6 in which the farmland is located has not adopted an agricultural preservation plan
7 under subch. IV of ch. 91, 1997 stats., by the close of such year, the amount of the
8 claim shall be limited to 70% of that specified in par. (b).

9 8. If the farmland is subject to a farmland preservation agreement under subch.
10 III of ch. 91, 1997 stats., on July 1 of the year for which credit is claimed or the
11 claimant had applied for such an agreement before July 1 of such year and the
12 agreement has subsequently been executed, the amount of the claim shall be limited
13 to 50% of that specified in par. (b).

14 ***-1785/P3.26* SECTION 1757.** 71.60 (2) of the statutes is renumbered 71.60 (2)
15 (a) and amended to read:

16 71.60 (2) (a) If For taxable years beginning before January 1, 2001, if the
17 farmland is subject to a ~~certified~~ an ordinance certified under subch. V of ch. 91 s.
18 91.06, 1997 stats., or an agreement under subch. II of ch. 91, in effect at the close of
19 the year for which the credit is claimed, the amount of the claim is 10% of the property
20 taxes accrued or the amount determined under sub. (1), whichever is greater.

21 ***-1785/P3.27* SECTION 1758.** 71.60 (2) (b) of the statutes is created to read:

22 71.60 (2) (b) For taxable years beginning after December 31, 2000, if the
23 farmland is subject to a certificate of compliance that is described under s. 71.59 (1)
24 (b) 5. and that is in effect at the close of the year for which the credit is claimed, the

1 amount of the claim is 10% of the property taxes accrued or the amount determined
2 under sub. (1), whichever is greater.

3 ***-1785/P3.28* SECTION 1759.** 71.605 of the statutes is created to read:

4 **71.605 Farmland preservation acreage credit. (1) DEFINITIONS.** In this
5 section:

6 (a) “Development rights” means a holder’s nonpossessory interest in farmland
7 that imposes a limitation or affirmative obligation the purpose of which is to retain
8 or protect natural, scenic or open space values of farmland, assuring the availability
9 of farmland for agricultural, forest, wildlife habitat or open space use, protecting
10 natural resources or maintaining or enhancing air or water quality.

11 (b) “Nonprofit entity” means an entity that is described in section 501 (c) (3) of
12 the Internal Revenue Code and is exempt from federal income tax under section 501
13 (a) of the Internal Revenue Code.

14 (c) “Political subdivision” means a city, village, town or county.

15 **(2) CALCULATION.** If the claimant sells, donates or otherwise transfers the
16 development rights to farmland for which a credit is claimed under this section to the
17 state or to a political subdivision, or to a nonprofit entity, the credit may be calculated
18 as follows:

19 (a) If farming rights are retained on such farmland, the credit shall be 50 cents
20 for each acre that the claimant sells, donates or otherwise transfers.

21 (b) If farming rights are not retained on such farmland, the credit shall be 30
22 cents for each acre that the claimant sells, donates or otherwise transfers.

23 **(3) LIMITATIONS.** (a) If a claimant sells, donates or otherwise transfers
24 development rights under sub. (2) to a nonprofit entity, the credit under this section
25 may not be claimed unless the entity enters into a signed agreement with the

1 department of agriculture, trade and consumer protection that contains all of the
2 following:

3 1. Standards for the management of the farmland, the development rights to
4 which are to be acquired.

5 2. A prohibition against using the development rights to the farmland which
6 are to be acquired as security for any debt unless the department of agriculture, trade
7 and consumer protection approves the incurring of the debt.

8 3. A clause that any subsequent sale, donation or other transfer of the
9 development rights to the farmland which are to be acquired is subject to pars. (b)
10 and (e).

11 (b) The nonprofit entity may subsequently sell, donate or otherwise transfer
12 the acquired development rights to the farmland to the state or to a city, village, town
13 or county, or to a 3rd party other than a creditor if the 3rd party is also a nonprofit
14 entity, except that a sale, donation or transfer to another nonprofit entity may occur
15 only if all of the following apply:

16 1. The department of agriculture, trade and consumer protection approves the
17 subsequent sale, donation or transfer.

18 2. The party to whom the development rights are sold, donated or transferred
19 enters into a new contract with the department of agriculture, trade and consumer
20 protection under par. (a).

21 (c) The nonprofit entity may subsequently sell, donate or transfer the acquired
22 development rights to satisfy a debt or other obligation if the department of
23 agriculture, trade and consumer protection approves the sale, donation or transfer.

24 (d) The nonprofit entity may subsequently develop the property, with the
25 written consent of the owner of the property and with the written consent of the

1 department of agriculture, trade and consumer protection, in a way that retains or
2 protects natural, scenic or open space values of farmland, assuring the availability
3 of farmland for agricultural, forest, wildlife habitat or open space use, protecting
4 natural resources or maintaining or enhancing air or water quality.

5 (e) If the nonprofit entity violates any essential provision of the contract, the
6 development rights that were acquired shall vest in the state.

7 (f) The instrument conveying the development rights to the nonprofit entity
8 shall state the interest of the state under par. (e). The contract entered into under
9 par. (a) and the instrument of conveyance shall be recorded in the office of the register
10 of deeds of each county in which the farmland is located.

11 (g) If a claimant sells, donates or otherwise transfers development rights under
12 sub. (2) to a political subdivision, the political subdivision may develop the farmland
13 only in a way that is consistent with a comprehensive plan under s. 66.0295.

****NOTE: Par. (g) may not remain in this draft if LRB-1256 is removed from the bill.

14 (fm) The credit under this section may be claimed only by the person who owns
15 the farmland when the development rights are initially transferred as described in
16 sub. (2).

17 (g) The credit under this section may not be claimed until the claimant files
18 with the register of deeds of each county in which the farmland is located the
19 certificate that verifies that the development rights to the farmland have been
20 transferred as described in sub. (2).

21 (h) Section 71.59 (2) (a) and (e), to the extent that it applies to the credit under
22 ss. 71.59 and 71.60, applies to the credit under this section.

23 (4) SUNSET. No new claims may be filed under this section for taxable years that
24 begin after December 31, 2002.